

FINAL OFFICIAL STATEMENT DATED JUNE 20, 2001

REFUNDING ISSUE  
Book-Entry-Only

RATING: Moody's Investors Service, Inc. "Aa3"  
(See "Ratings" herein)

*In the opinion of Ice Miller, Indianapolis, Indiana ("Bond Counsel"), under existing laws, regulations, judicial decisions and rulings, interest on the Series 2001 C Bonds (hereinafter defined) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the Series 2001 C Bonds. In the opinion of Bond Counsel under existing laws, regulations, judicial decisions and rulings, interest on the Series 2001 C Bonds is exempt from income taxation in the State of Indiana. See "TAX MATTERS", "ORIGINAL ISSUE DISCOUNT", "AMORTIZABLE BOND PREMIUM", and Appendix A herein.*

**\$27,170,000**

**THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK BONDS,  
SERIES 2001 C**

Dated: Date of Delivery (anticipated June 28, 2001)

Due: February 1 and August 1 as shown on inside cover

The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2001 C (the "Series 2001 C Bonds") will be dated the date of delivery, and will bear interest from that date to their respective maturities in the amounts and at the rates set forth on the inside cover hereof. The Series 2001 C Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Series 2001 C Bonds will be made in book-entry-only form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers of beneficial interests in the Series 2001 C Bonds (the "Beneficial Owners") will not receive physical delivery of certificates representing their interests in the Series 2001 C Bonds. Interest on the Series 2001 C Bonds is payable on February 1 and August 1 of each year, commencing August 1, 2001. Interest, together with the principal and redemption premium, if any, of the Series 2001 C Bonds, will be paid directly to DTC by Bank One Trust Company, National Association, Indianapolis, Indiana, as paying agent (the "Trustee, Registrar and Paying Agent") under the Indenture, as defined and described herein, so long as DTC or its nominee is the registered owner of the Series 2001 C Bonds. The final disbursement of such payments to the Beneficial Owners of the Series 2001 C Bonds will be the responsibility of the DTC Participants and the Indirect Participants, all as defined and more fully described herein under the caption "THE SERIES 2001 C BONDS - Book-Entry-Only System."

The Series 2001 C Bonds are issued by The Indianapolis Local Public Improvement Bond Bank (the "Bond Bank") for the principal purposes of providing funds to: (i) refund and legally defease the Indianapolis Local Public Improvement Bond Bank Bonds, Series 1991 A (the "Series 1991 A Bonds") maturing on February 1, 2002, 2003, 2004 and February 1, 2020 (the "Refunded Bonds"); (ii) fund a debt service reserve; (iii) pay the costs of issuance of the Series 2001 C Bonds; and (iv) repay certain amounts payable pursuant to the Taxpayer Agreement (as defined herein). The Series 2001 C Bonds will rank on a parity with the outstanding unrefunded Series 1991 A Bonds ("Outstanding Series 1991 A Bonds") and are secured by the City of Indianapolis Redevelopment District Tax Increment Revenue Bonds of 1991 (Harding Street Project).

The Series 2001 C Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as more fully described herein under the caption "THE SERIES 2001 C BONDS - "Optional Redemption" and "Mandatory Sinking Fund Redemption".

**The Series 2001 C Bonds are limited obligations of the Bond Bank payable solely out of the revenues and funds of the Bond Bank pledged therefor under the Indenture, including the Bond Bank Reserve Fund, as more fully described herein. The Series 2001 C Bonds do not constitute a debt, obligation, liability or loan of the credit of the State of Indiana, the City of Indianapolis (the "City") or any political subdivision thereof, including the Redevelopment District (herein defined) or any qualified entity, under the constitution and laws of the State of Indiana or a pledge of the faith, credit and taxing power of the State of Indiana or any political subdivision thereof, including the City, the Redevelopment District or any other qualified entity. The sources of payment of, and security for, the Series 2001 C Bonds are more fully described herein. The Bond Bank has no taxing power.**

Pursuant to the Indenture, the Bond Bank has agreed to request the City-County Council of Indianapolis and Marion County to appropriate amounts to restore the Bond Bank Reserve Fund to the Bond Bank Reserve Requirement (as defined herein) in accordance with IC 5-1.4-5. See "SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2001 C BONDS - Bond Bank Reserve and the Replenishment Thereof."

A detailed maturity schedule for the Series 2001 C Bonds is set forth on the inside cover of this Official Statement.

**CITY SECURITIES CORPORATION  
McDonald Investments, Inc.  
Loop Capital Markets, LLC**

The Series 2001 C Bonds are offered when, as and if issued by the Bond Bank and received by the Underwriters and subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Ice Miller, Indianapolis, Indiana, Bond Counsel. Certain legal matters will be passed on for the Bond Bank, the Redevelopment District and the City by the Corporation Counsel for the City, and for the Underwriters by its counsel, Stewart & Irwin, P.C., Indianapolis, Indiana. It is expected that the Series 2001 C Bonds will be available for delivery to DTC in New York, New York, on or about June 28, 2001.

*This cover page contains information for reference only and is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.*

## MATURITY SCHEDULE

The Series 2001 C Bonds shall mature on February 1 and August 1 in the year and in the principal amounts, and shall bear interest at the rates per annum, all as set forth below:

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
August 1, 2001	\$ 635,000	4.0000%	2.9000%	February 1, 2016	3,135,000	5.5000%	5.2258%
February 1, 2002	1,305,000	4.5000%	2.9000%	August 1, 2016	40,000	5.0000%	5.1100%
August 1, 2002	60,000	3.0000%	3.0000%	February 1, 2017	3,440,000	5.5000%	5.2799%
February 1, 2003	1,460,000	4.5000%	3.3100%	August 1, 2017	35,000	5.1250%	5.1700%
August 1, 2003	50,000	3.3500%	3.3500%	February 1, 2018	3,635,000	5.5000%	5.3225%
February 1, 2004	1,620,000	4.5000%	3.5900%	August 1, 2018	25,000	5.1250%	5.2200%
February 1, 2015	2,855,000	5.2500%	5.0952%	August 1, 2019	15,000	5.1250%	5.2500%
August 1, 2015	45,000	5.0000%	5.0500%				

## TERM BONDS

\$415,000 of Term Bonds @ 4.3000% due August 1, 2009, Yield 4.3000%  
 \$490,000 of Term Bonds @ 4.9000% due August 1, 2014, Yield 4.9000%  
 \$7,910,000 of Term Bonds @ 5.2500% due February 1, 2020, Yield 5.3100%

No dealer, broker, salesperson or other person has been authorized by the Bond Bank or by the Underwriters to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Series 2001 C Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2001 C Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there have been no changes in the information presented herein since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2001 C BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2001 C BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE BOND BANK AND THE TERMS OF THE OFFERING, INCLUDING THE MERIT AND RISK INVOLVED. THE SERIES 2001 C BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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## **FINAL OFFICIAL STATEMENT**

**\$27,170,000**

### **The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2001 C**

#### **INTRODUCTION**

The purpose of this Official Statement, including the cover page and appendices, is to set forth certain information concerning the issuance and sale by The Indianapolis Local Public Improvement Bond Bank (the "Bond Bank") of its \$27,170,000 aggregate principal amount of Bonds, Series 2001 C (the "Series 2001 C Bonds") to be issued by the Bond Bank. The Series 2001 C Bonds are authorized by a resolution adopted by the Board of Directors of the Bond Bank on May 21, 2001, and are issued pursuant to the provisions of a Trust Indenture, dated as of April 1, 1991, as supplemented by the First Supplemental Trust Indenture dated June 1, 2001 (collectively, the "Indenture"), and the laws of the State of Indiana, including particularly Indiana Code 5-1.4 (the "Act"). Bank One Trust Company, National Association, Indianapolis, Indiana is the Trustee (the "Trustee") and the Registrar and Paying Agent ("Registrar" or "Paying Agent") under the Indenture.

#### **The Program**

The proceeds from the sale of the Series 2001 C Bonds will be used to provide funds to: (i) refund a portion of the Indianapolis Local Public Improvement Bond Bank Bonds, Series 1991 A (the "Series 1991 A Bonds") presently outstanding in the issued amount of \$30,956,123; (ii) fund a portion of the debt service reserve; (iii) pay for certain costs of issuance of the Series 2001 C Bonds; and (iv) repay Eli Lilly and Company for payments made under the Taxpayer Agreement (as defined below). See "FINANCING PLAN - Application of Proceeds of the Series 2001 C Bonds". The Series 1991 A Bonds were issued to provide for the purchase of Tax Increment Revenue Bonds of 1991 ("Harding Street Project Bonds" or "Redevelopment Bonds") of the Redevelopment District of the City of Indianapolis (the "Redevelopment District"). From the proceeds of the Series 2001 C Bonds, the Bond Bank intends to refund the Series 1991 A Bonds maturing on February 1, 2002, 2003, 2004 and February 1, 2020 (the "Refunded Bonds"). The Series 2001 C Bonds will rank on a parity with the Outstanding Series 1991 A Bonds and will be secured by payments on the Redevelopment Bonds.

The Series 2001 C Bonds are limited obligations of the Bond Bank secured by and payable from (i) the Harding Street Project Bonds and all payments or other amounts received thereon, (ii) the Bond Bank Reserve Fund and (iii) all other funds and accounts established under the Indenture, except for the Rebate Fund (as defined in Appendix B) on a parity with the Outstanding Series 1991 A Bonds (collectively, the "Trust Estate"). The Harding Street Project Bonds are secured by and payable from (i) tax proceeds on increases in the assessed value of real property in the Amended Harding Street Redevelopment Project Area (the "Harding Street Redevelopment Project Area") as further described in Appendix C and in the Harding Street Project Resolution (the "Tax Increment Revenues"), all of which have been pledged as security for the Harding Street Project Bonds under Resolution No. 91-15 adopted by the Commission (as defined below) on January 16, 1991 (the "Harding Street Project Resolution"), (ii) all amounts payable pursuant to the Taxpayer Agreement, dated April 24, 1991 ("Taxpayer Agreement") between the Metropolitan Development Commission of Marion County (the "Commission"), which is the governing body of the Redevelopment District of the City of Indianapolis, and Eli Lilly and Company ("Lilly"), and (iii) all other funds and accounts established and pledged as security under the Harding Street Project Resolution, including the Harding Street Construction Fund and the Harding Street Revenue Fund (see Appendix B) (the "Harding Street Trust Estate"). See "Security for the Series 2001 C Bonds."

The Commission and Lilly have entered into the Taxpayer Agreement under which Lilly agrees to pay the Redevelopment District the deficiency amount by which the portion of Annual Debt Service (as defined in Appendix B) on the Harding Street Project Bonds due on or before the next interest payment or interest compounding date exceeds the Tax Increment Revenues collected in the Harding Street Redevelopment Project Area from the immediately preceding scheduled property tax distribution plus the amount in the Harding Street Bond and Interest Account (as defined in Appendix B) immediately prior to that distribution (the "Taxpayer Payments"). The obligation to make payments under the Taxpayer Agreement is an unsecured obligation of Lilly. See "Taxpayer Agreement", "The Harding Street Development" and "Risks to the Bondholders".

The Harding Street Project Bonds were issued to pay for the construction of infrastructure improvements for general public use, including street and sewer improvements in and serving the Harding Street Redevelopment Project Area.

## **Security and Sources of Payment for the Series 2001 C Bonds**

The Series 2001 C Bonds will be issued under and secured by the Indenture. The Series 2001 C Bonds are issued and secured separately from any other obligations issued by the Bond Bank except for the Outstanding Series 1991 A Bonds. The principal of and interest on any and all of the Series 2001 C Bonds, together with the Outstanding Series 1991 A Bonds and any bonds that may be authorized and issued by the Bond Bank under the Indenture on a parity with the Series 2001 C Bonds (collectively, the "Bonds"), are payable from those revenues and funds of the Bond Bank which are pledged pursuant to the Indenture for the benefit of the owners of the Bonds without priority. Additional bonds may be issued on a parity with the Series 2001 C Bonds and the Outstanding Series 1991 A Bonds only to refund obligations issued under the Indenture or to purchase additional bonds payable from Tax Increment Revenues on a parity with the Series 2001 C Bonds and the Outstanding Series 1991 A Bonds.

Neither the faith, credit nor taxing power of the State of Indiana (the "State") or any political subdivision thereof, including the City, Marion County (the "County"), or the Redevelopment District, are pledged to the payment of the principal of, premium, if any, and interest on any of the Series 2001 C Bonds. The Series 2001 C Bonds are not a debt, liability, loan of the credit or pledge of the faith and credit of the State or of any political subdivision thereof, including the City, the County, or the Redevelopment District. The Bond Bank has no taxing power and has only those powers and sources of revenue set forth in the Act.

The Bond Bank anticipates maintaining a debt service reserve fund for the Series 2001 C Bonds and the Outstanding Series 1991 A Bonds. The provisions of Indiana Code 5-1.4-5 regarding the Bond Bank's obligation to request the City-County Council of Indianapolis and Marion County (the "Council") to appropriate funds to replenish the debt service reserve apply to the Series 2001 C Bonds. See "SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2001 C Bonds - Bond Bank Reserve and the Replenishment Thereof."

The Series 2001 C Bonds are secured on a parity with the Outstanding Series 1991 A Bonds by the pledge of the Trust Estate established under the Indenture (the "Trust Estate"), defined to be all cash and securities in the funds and accounts established by the Indenture including the Bond Bank Reserve Fund (as defined below) (except the Rebate Fund and accounts therein) and the investment earnings thereon and all proceeds thereof. All Series 2001 C Bonds will be secured equally and ratably by all of the foregoing. The sources of payment for the Series 2001 C Bonds are further described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2001 C Bonds."

### **The Series 2001 C Bonds**

Interest on the Series 2001 C Bonds will accrue over time at the rates per annum set forth inside the cover page hereof and will be payable on August 1, 2001, and semiannually on each February 1 and August 1 thereafter. The Series 2001 C Bonds will be issued in fully registered form in the denomination of \$5,000 or any integral multiple thereof. See "THE SERIES 2001 C BONDS."

The Series 2001 C Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Series 2001 C Bonds will be made in book-entry-only form. Purchasers of beneficial interests in the Series 2001 C Bonds (the "Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Series 2001 C Bonds. Interest on the Series 2001 C Bonds, together with principal of the Series 2001 C Bonds, will be paid by the Paying Agent directly to DTC, so long as DTC or its nominee is the registered owner of the Series 2001 C Bonds. The final disbursement of such payments to Beneficial Owners of the Series 2001 C Bonds will be the responsibility of the DTC Participants and Indirect Participants, all as defined and more fully described herein. See "THE SERIES 2001 C BONDS - Book-Entry-Only System."

The Series 2001 C Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as more fully described herein under the caption "THE SERIES 2001 C BONDS - "Optional Redemption" and "Mandatory Sinking Fund Redemption."

## **The Bond Bank and the Act**

The Bond Bank is a body corporate and politic, separate from the City, established for the public purposes set forth in the Act. The Bond Bank has no taxing power. The Bond Bank is governed by a Board of five Directors, each appointed by the Mayor of the City.

Pursuant to the Act, the purpose of the Bond Bank is to buy and sell securities of "qualified entities," defined in the Act to be the consolidated city, the consolidated city's county, any special taxing district located wholly within the county, any entity whose tax levies are subject to review and modification by the city-county legislative body under Indiana Code 36-3-6-9 and any authority created under Indiana Code Title 36 that leases land or facilities to any of the foregoing qualified entities. The Redevelopment District is a "qualified entity" as defined in the Act.

## **The Official Statement; Additional Information**

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

The information contained in this Introduction is qualified by reference to this entire Official Statement (including the appendices). This Introduction is only a brief description and a full review should be made of this entire Official Statement (including the appendices), as well as the documents summarized or described in this Official Statement. The summaries of and references to all documents, statutes and other instruments referred to in this Official Statement do not purport to be complete and are qualified in their entirety by reference to the full text of each such document, statute or instrument. Summaries of certain provisions of the Indenture and the Harding Street Project Resolution are set forth in Appendix B.

The statistical tables of the 1999 Comprehensive Annual Financial Report of the City of Indianapolis are attached as Appendix D. The 2000 Comprehensive Annual Financial Report of the City is anticipated to be available by July 6, 2001. See "AVAILABILITY OF DOCUMENTS AND FINANCIAL INFORMATION" herein.

Information contained in this Official Statement with respect to the Bond Bank and the City and copies of the Indenture and the Authorizing Instrument may be obtained from The Indianapolis Local Public Improvement Bond Bank, 200 East Washington Street, Room 2421, City-County Building, Indianapolis, Indiana 46204. The Bond Bank's telephone number is (317) 327-5896.

## **THE SERIES 2001 C BONDS**

### **General Description**

The Series 2001 C Bonds are issuable as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Series 2001 C Bonds will be dated as of the date of their delivery, anticipated to be June 28, 2001.

Interest on the Series 2001 C Bonds will be payable on February 1 and August 1 of each year, commencing August 1, 2001 (each an "Interest Payment Date"). The Series 2001 C Bonds will bear interest (calculated on the basis of a 30-day month and a 360-day year) at the rates and will mature on the dates and in the principal amounts set forth inside the cover page of this Official Statement. Each Series 2001 C Bond will bear interest from the Interest Payment Date next preceding the date on which it is authenticated unless it is (a) authenticated prior to the closing of business on July 15, 2001, in which event it will bear interest from the date of delivery, or (b) authenticated after the fifteenth day of the calendar month immediately preceding the month of an Interest Payment Date (a "Record Date"), in which event it will bear interest from such Interest Payment Date; provided, however, that if, at the time of authentication of any Series 2001 C Bond, interest is in default, such Series 2001 C Bond will bear interest from the date to which interest has been paid.

When issued, all Series 2001 C Bonds will be registered in the name of and held by Cede & Co., as nominee for DTC. Purchases of beneficial interests from DTC in the Series 2001 C Bonds will be made in book-entry-only form (without certificates) in the denomination of \$5,000 or any integral multiple thereof. So long as DTC or its nominee is the registered owner of the Series 2001 C Bonds, payments of the principal of and interest on the Series 2001 C Bonds will be made directly by the Paying Agent by wire transfer of funds to Cede & Co., as nominee for DTC.

## **General Description (cont'd)**

Disbursement of such payments to the participants of DTC (the "DTC Participants") will be the sole responsibility of DTC, and the ultimate disbursement of such payments to the Beneficial Owners, as defined herein, of the Series 2001 C Bonds will be the responsibility of the DTC Participants and the Indirect Participants, as defined herein. See the heading, "Book-Entry-Only System" under this caption.

If DTC or its nominee is not the registered owner of the Series 2001 C Bonds, principal of and premium, if any, on all of the Series 2001 C Bonds will be payable at maturity upon the surrender thereof at the delivery office of the Paying Agent. Interest on the Series 2001 C Bonds, when due and payable, will be paid by check dated the due date mailed by the Paying Agent one business day before the due date (or, in the case of an owner of Series 2001 C Bonds in an aggregate principal amount of at least \$1,000,000, by wire transfer on such due date, upon written direction of such registered owner to the Paying Agent not less than five business days before the Record Date immediately prior to such Interest Payment Date, which direction shall remain in effect until revoked in writing by such owner) to the persons in whose names such Series 2001 C Bonds are registered, at their addresses as they appear on the bond registration books maintained by the Registrar on the Record Date, irrespective of any transfer or exchange of such Series 2001 C Bonds subsequent to such Record Date and prior to such Interest Payment Date, unless the Bond Bank shall default in payment of interest due on such Interest Payment Date.

Except as provided under "Book-Entry-Only System," in all cases in which the privilege of exchanging or transferring Series 2001 C Bonds is exercised, the Bond Bank will execute and the Registrar will deliver Series 2001 C Bonds in accordance with the provisions of the Indenture. The Series 2001 C Bonds will be exchanged or transferred at the principal corporate trust office of the Registrar only for Series 2001 C Bonds of the same tenor and maturity. In connection with any transfer or exchange of Series 2001 C Bonds, the Bond Bank, the Registrar and Paying Agent or the Trustee may impose a charge for any applicable tax, fee or other governmental charge incurred in connection with such transfer or exchange, which sums are payable by the person requesting such transfer or exchange.

The person in whose name a Series 2001 C Bond is registered will be deemed and regarded as its absolute owner for all purposes and payment of principal and interest thereon will be made only to or upon the order of the registered owner or its legal representative, but such registration may be changed as provided above. All such payments shall be valid to satisfy and discharge the liability upon such Series 2001 C Bond to the extent of the sum or sums so paid.

## **Optional Redemption**

The Series 2001 C Bonds maturing on and after August 1, 2011, are subject to redemption prior to maturity, in whole or in part, in order of maturity determined by the Bond Bank and by lot within a maturity, commencing February 1, 2011, at face value, plus accrued interest to the date fixed for redemption.

## **Mandatory Sinking Fund Redemption**

The Series 2001 C Bonds maturing on August 1, 2009 are subject to mandatory sinking fund redemption prior to maturity at the redemption price equal to the principal amount thereof, plus accrued interest to the date of redemption, in accordance with the following schedule:

<u>Date</u>	<u>Principal Amount</u>
8/01/04	\$35,000
2/01/05	35,000
8/01/05	35,000
2/01/06	35,000
8/01/06	35,000
2/01/07	40,000
8/01/07	40,000
2/01/08	40,000
8/01/08	40,000
2/01/09	40,000



### **Mandatory Sinking Fund Redemption (cont'd.)**

Such mandatory sinking fund redemption schedule will leave \$40,000 in principal amount of the Series 2001 C Bonds to mature on August 1, 2009.

The Series 2001 C Bonds maturing on August 1, 2014 are subject to mandatory sinking fund redemption prior to maturity at the redemption price equal to the principal amount thereof, plus accrued interest to the date of redemption, in accordance with the following schedule:

<u>Date</u>	<u>Principal Amount</u>
2/01/10	\$45,000
8/01/10	45,000
2/01/11	45,000
8/01/11	45,000
2/01/12	50,000
8/01/12	50,000
2/01/13	50,000
8/01/13	50,000
2/01/14	55,000

Such mandatory sinking fund redemption schedule will leave \$55,000 in principal amount of the Series 2001 C Bonds to mature on August 1, 2014.

The Series 2001 C Bonds maturing on February 1, 2020 are subject to mandatory sinking fund redemption prior to maturity at the redemption price equal to the principal amount thereof, plus accrued interest to the date of redemption, in accordance with the following schedule:

<u>Date</u>	<u>Principal Amount</u>
2/01/19	\$3,850,000

Such mandatory sinking fund redemption schedule will leave \$4,060,000 in principal amount of the Series 2001 C Bonds to mature on February 1, 2020.

### **Selection of Bonds to be Redeemed**

If fewer than all of the Series 2001 C Bonds shall be called for redemption, the principal amount and maturity of the particular Series 2001 C Bonds to be redeemed shall be selected by the Bond Bank, provided that the Series 2001 C Bonds shall be redeemed only in whole multiples of \$5,000 principal amount. If the Series 2001 C Bonds are held in a book entry only system, the Series 2001 C Bonds within a maturity to be redeemed shall be selected by the depository company in such manner as the depository company may determine. If the Series 2001 C Bonds are not held in the book entry system, the Registrar shall select the particular Series 2001 C Bonds to be redeemed within a maturity by lot in such manner as the Registrar in its sole discretion may deem fair and appropriate.

### **Notice of Redemption**

In the case of redemption of the Series 2001 C Bonds, notice of the call for any such redemption identifying the Series 2001 C Bonds, or portions of fully registered Series 2001 C Bonds to be redeemed shall be given by the Registrar by mailing a copy of the redemption notice by first class mail at least 30 days but not more than 45 days prior to the date fixed for redemption to the registered owner of each Series 2001 C Bond to be redeemed at the address shown on the registration books. Failure to give such notice by mailing to any bondholder, or any defect in the notice, shall not affect the validity of any proceeding for the redemption of any other Series 2001 C Bonds. On and after the redemption date specified in the aforementioned notices, such Series 2001 C Bonds, or portions thereof, thus called (provided funds for their redemption are on deposit at the place of payment) shall not bear interest, shall no longer be protected by the Indenture and shall not be deemed to be outstanding under the provisions of the Indenture, and the owners thereof shall have the right only to receive the redemption price thereof plus accrued interest thereon to the date fixed for redemption from the funds deposited with the Trustee for the redemption of such Series 2001 C Bonds.

## **Book-Entry-Only System**

DTC will act as securities depository for the Series 2001 C Bonds. The ownership of one fully registered Series 2001 C Bond for each maturity and series of the Series 2001 C Bonds, will be registered in the name of Cede & Co., as nominee for DTC.

DTC has advised the Bond Bank that DTC is a limited-purpose trust company organized under the laws of the State of New York, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities that its participants (the "Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain custodial relations with a DTC Participant, either directly or indirectly (the "Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of Series 2001 C Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2001 C Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2001 C Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2001 C Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners of Series 2001 C Bonds will not receive certificates representing their beneficial ownership interests in the Series 2001 C Bonds unless use of the book-entry-only system for the Series 2001 C Bonds is discontinued.

To facilitate subsequent transfers, all Series 2001 C Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Series 2001 C Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2001 C Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2001 C Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

**Conveyance of notices and other communications by DTC to DTC Participants, by DTC Participants to Indirect Participants and by DTC Participants and Indirect Participants to Beneficial Owners of the Series 2001 C Bonds will be governed by arrangements among DTC, DTC Participants, Indirect Participants and Beneficial Owners, subject to any statutory and regulatory requirements as may be in effect from time to time.**

Redemption notices shall be sent to Cede & Co. If fewer than all of the Series 2001 C Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. will consent to vote with respect to the Series 2001 C Bonds. Under its usual procedures, DTC will mail an Omnibus Proxy to the Bond Bank as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2001 C Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2001 C Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on a payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on a payable date. Payments by

### **Book-Entry-Only System (cont'd.)**

Participants to Beneficial Owners will be governed by standing instruments and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, the Paying Agent or the Registrar, or the Bond Bank, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Bond Bank or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2001 C Bonds at any time by giving reasonable notice to the Bond Bank, the Paying Agent, Registrar or the Trustee. Under these circumstances, in the event that a successor securities depository is not obtained, Series 2001 C Bond certificates are required to be printed and delivered.

The Bond Bank may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2001 C Bond certificates will be printed and delivered.

**THE INFORMATION PROVIDED UNDER THIS CAPTION HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE BOND BANK OR THE UNDERWRITER AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION PROVIDED BY DTC OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.**

For so long as the Series 2001 C Bonds are registered in the name of DTC or its nominee or any successor securities depository or its nominee, the Bond Bank and the Trustee will recognize only DTC or its nominee or such successor securities depository or its nominee as the registered owner of the Series 2001 C Bonds for all purposes, including payments, notices and voting.

Under the Indenture, payments made by the Paying Agent to DTC or its nominee or any successor Securities Depository or its nominee shall satisfy the Bond Bank's obligations under the Indenture to the extent of the payments so made.

Neither the Bond Bank, nor the Trustee, Paying Agent or Registrar shall have any responsibility or obligation with respect to:

- (i) the accuracy of the records of DTC, its nominee or any DTC Participant or Indirect Participant or any successor securities depository, participants thereof or nominee thereof with respect to any beneficial ownership interest in the Series 2001 C Bonds;
- (ii) the delivery to any DTC Participant or Indirect Participant or participant of any successor securities depository or any other person, other than a registered owner, as shown in the Bond Register, of any notice with respect to any Series 2001 C Bond, including, without limitation, any notice of redemption;
- (iii) the payment to any DTC Participant or Indirect Participant or participant of any successor securities depository or any other person, other than a registered owner, as shown in the Bond Register, of any amount with respect to the principal of, premium, if any, or interest on, or the purchase price of, any Series 2001 C Bond;
- (iv) any consent given by DTC or any successor securities depository as registered owner; or
- (v) the selection by DTC or any Direct Participant or Indirect Participant by any successor depository or its participants of the beneficial ownership interests in Series 2001 C Bonds for partial redemption.

**Book-Entry-Only System (cont'd.)**

So long as the Series 2001 C Bonds are held in the book-entry-only system of the securities depository, the Bond Bank, Paying Agent, Registrar and Trustee may treat DTC and any successor securities depository as, and deem DTC and any successor securities depository to be, the absolute owner of the Series 2001 C Bonds for all purposes whatsoever, including, without limitation:

- (i) the payment of the principal of, premium, if any, and interest on and the purchase price of the Series 2001 C Bonds;
- (ii) giving notices of redemption and other matters with respect to the Series 2001 C Bonds;
- (iii) registering transfers with respect to the Series 2001 C Bonds; and
- (iv) the selection of the beneficial ownership interests in Series 2001 C Bonds for partial redemption.

**Revision of Book-Entry-Only System**

In the event that either (1) the Bond Bank receives notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities as a clearing agency for the Series 2001 C Bonds or (2) the Bond Bank elects to discontinue its use of DTC as a clearing agency for the Series 2001 C Bonds, then the Bond Bank and the Trustee, Paying Agent or Registrar will do or perform or cause to be done or performed all acts or things, not adverse to the rights of the holders of the Series 2001 C Bonds, as are necessary or appropriate to discontinue use of DTC as a clearing agency for the Series 2001 C Bonds and to transfer the ownership of each of the Series 2001 C Bonds to such person or persons, including any other clearing agency, as the holder of such Series 2001 C Bonds may direct in accordance with the Indenture. Any expenses of such a discontinuation and transfer, including any expenses of printing new certificates to evidence the Series 2001 C Bonds will be paid by the Bond Bank.

## **SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2001 C BONDS**

The Series 2001 C Bonds will be limited obligations of the Bond Bank, secured and payable solely from, and secured by a pledge of, the Trust Estate, including the principal and interest payments received on the Harding Street Project Bonds (the “Harding Street Bond Payments”) and certain moneys held by the Trustee under the Indenture, including the Bond Bank Reserve Fund on a parity with the Outstanding Series 1991 A Bonds.

Owners of the Series 2001 C Bonds shall have a claim solely against the Trust Estate, and shall have no other claim or right against the Bond Bank, the City, the Redevelopment District or Lilly. No funds of the Bond Bank, other than the Trust Estate, are pledged to the payment of the principal of and interest on the Series 2001 C Bonds.

### **Pledge of Harding Street Project Bonds and Payments Thereon**

To secure the payment of the principal of, premium, if any, and interest on the Series 2001 C Bonds, the Bond Bank will pledge the Harding Street Project Bonds and the Harding Street Bond Payments for the benefit of the owners of the Series 2001 C Bonds on a parity with the Outstanding Series 1991 A Bonds. The principal, premium, if any, and interest payments to be made by the Redevelopment District on the Harding Street Project Bonds have been structured to be sufficient to pay the principal of and interest on the Series 2001 C Bonds and the Outstanding Series 1991 A Bonds when due. See “Risks to the Bondholders” and “Verification of Mathematical Computations.”

The Harding Street Bond Payments and the investments thereof, if any, and the proceeds of such investments, if any, and all funds and accounts established by the Indenture (other than the Rebate Fund) are pledged for the payment of the principal of and interest on the Series 2001 C Bonds in accordance with the terms and provisions of the Indenture on a parity with the Outstanding Series 1991 A Bonds. Under the Act, such pledge will be valid and binding from and after the date of delivery of the Series 2001 C Bonds under the Indenture and such Harding Street Project Bonds and the payments thereon shall be immediately subject to the lien of such pledge without any physical delivery of the payments or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Bond Bank, irrespective of whether such parties have notice thereof.

### **Limited Obligations of the Bond Bank**

The Series 2001 C Bonds do not constitute a debt, obligation or liability of the State of Indiana (the “State”), any political subdivision thereof, the City or any Qualified Entity (as defined in the Act), including the Redevelopment District, under the constitution of the State or a pledge of the faith and credit of the City, the State, any political subdivision thereof or any Qualified Entity, including the Redevelopment District, but shall be payable solely from the Trust Estate. The issuance of the Series 2001 C Bonds under the provisions of the Act does not directly, indirectly or contingently, obligate the City, the State, any political subdivision thereof or any Qualified Entity, including the Redevelopment District, to levy any form of taxation for the payment thereof or to make any appropriation for their payment and such Series 2001 C Bonds and the interest payable thereon do not now and shall never constitute a debt of the City, the State, any political subdivision thereof or any Qualified Entity, including the Redevelopment District, within the meaning of the constitution of the State or the statutes of the State and the Series 2001 C Bonds do not now and shall never constitute a charge against the credit or taxing power of the City, the State or any political subdivision thereof or any Qualified Entity, including the Redevelopment District. Neither the City, the State, any Qualified Entity, including the Redevelopment District, nor any agent, attorney, member, officer, director or employee of the City, the State, any Qualified Entity, including the Redevelopment District, or of the Bond Bank or Lilly, shall in any event be liable for the payment of the principal of, and premium, if any, or interest on the Series 2001 C Bonds or for the performance of any pledge, obligation or agreement of any kind whatsoever which may be undertaken by the Bond Bank. No breach by the Bond Bank of any such pledge, obligation or agreement may impose any liability, pecuniary or otherwise, upon the City, the State or any Qualified Entity, including the Redevelopment District, or any of the City’s, the State’s, any Qualified Entity’s, including the Redevelopment District’s, or the Bond Bank’s agent, members, attorneys, and employees, officers, directors or any charge upon the general credit of the City, the State or any Qualified Entity, including the Redevelopment District, or a charge against the taxing power of the City, the State, any political subdivision thereof or any Qualified Entity, including the Redevelopment District. **THE BOND BANK HAS NO TAXING POWER.** As to Lilly’s obligations under the Taxpayer Agreement, see “Taxpayer Agreement.”

### **Bond Bank Reserve Fund and the Replenishment Thereof (Replenishment Obligation)**

Pursuant to the Indenture, the Bond Bank has established the Bond Bank Reserve Fund (the “Bond Bank Reserve Fund”) as security for the Series 2001 C Bonds and the Outstanding Series 1991 A Bonds. The Bond Bank Reserve Requirement (the “Bond Bank Reserve Requirement”) is the least of (i) the maximum annual debt service on the Series 2001 C Bonds and the Outstanding Series 1991 A Bonds, (ii) one hundred twenty-five percent (125%) of the average annual debt service on the Series 2001 C Bonds and the Outstanding Series 1991 A Bonds, or (iii) ten percent (10%) of the proceeds of the Series 2001 C Bonds and the Outstanding Series 1991 A Bonds, within the meaning of Section 148(d) of the Code (as defined herein).

In order to maintain the Bond Bank Reserve Requirement, the Council may annually appropriate to the Bond Bank for deposit in the Bond Bank Reserve Fund a sum, certified by the Chairman of the Bond Bank to the Council, that is necessary to restore the Bond Bank Reserve Fund to the Bond Bank Reserve Requirement. The Chairman of the Bond Bank, before December 1 of each year, is required under the Act and the Indenture to make and deliver to the Council a certificate stating the sum required to restore the Bond Bank Reserve Fund to the Bond Bank Reserve Requirement. The Act does not create any debt or liability of the City or an obligation of the Council to make any such appropriation. Although the Council is not obligated to make such appropriations to replenish the Bond Bank Reserve Fund, it adopted an ordinance in 1985 indicating its general intention to consider such appropriations if necessary.

Moneys in the Bond Bank Reserve Fund up to the amount of the Bond Bank Reserve Requirement are required under the Indenture to be held and applied solely to the payment of the interest on and principal of the Series 2001 C Bonds and the Outstanding Series 1991 A Bonds or related payments on the Harding Street Project Bonds as the same shall become due and payable, and for the retirement of Series 2001 C Bonds. Such moneys may not be withdrawn from the Bond Bank Reserve Fund if a withdrawal would reduce the amount in the Bond Bank Reserve Fund to an amount less than the Bond Bank Reserve Requirement, except for payment of interest then due and payable on the Series 2001 C Bonds and the Outstanding Series 1991 A Bonds and the payment of principal of Series 2001 C Bonds and the Outstanding Series 1991 A Bonds then maturing and payable, whether by reason of maturity or mandatory redemption, for which other moneys of the Bond Bank are not then available.

### **Additional Bond Bank Bonds**

Additional bonds of the Bond Bank may be issued on a parity with the Series 2001 C Bonds and the Outstanding Series 1991 A Bonds pursuant to the Indenture only for the purpose of (a) refunding (in whole or in part) bonds issued by the Bond Bank pursuant to the Indenture or (b) purchasing additional qualified obligations of the Redevelopment District.

### **Provisions for Payment of Harding Street Project Bonds**

The principal of, premium, if any, and interest on the Harding Street Project Bonds under Indiana Code 36-7-15.1 and IC 36-7-25 (collectively with all supplemental laws including IC 5-1-14, the “Redevelopment Statute”) are payable from the Harding Street Trust Estate which includes Tax Increment Revenues derived from ad valorem property taxes on increases in the assessed valuation of taxable real property located in the Harding Street Redevelopment Project Area and, in the event and to the extent of any deficiency in the Tax Increment Revenues for the payment of the principal of and interest on the Harding Street Project Bonds, from any Taxpayer Payments.

The Tax Increment Revenues are allocated to and deposited in the Harding Street Redevelopment Project Allocation Area Special Fund (the “Harding Street Allocation Fund”) under the provisions of the Redevelopment Statute and in accordance with the terms and conditions of the Harding Street Project Resolution. See “Tax Increment Revenues” and Appendix B - “Summary of Provisions of Certain Legal Documents - Summary of Certain Provisions of the Harding Street Project Resolution.”

Under the Harding Street Project Resolution, the Tax Increment Revenues are immediately upon distribution to the Harding Street Allocation Fund paid to Bank One Trust Company, National Association (the “Redevelopment Trustee”) for deposit to the Harding Street Revenue Fund and set aside to meet the obligations of the Redevelopment District under the Harding Street Project Resolution. See “Tax Increment Revenues” and Appendix B. The Harding Street Project Bonds are also secured by the Taxpayer Agreement under which Lilly is obligated, under certain circumstances (including a deficiency in Tax Increment Revenues), to pay the Redevelopment Trustee, for the benefit of the Redevelopment District, the Taxpayer Payments. This obligation is an unsecured obligation of Lilly, subject to certain risks and conditions as described in “Taxpayer Agreement.” See also “Risks to the Bondholders”.

## **Provisions for Payment of Harding Street Project Bonds (cont'd)**

Indiana Code 36-7-15.1-17 provides that bonds payable from tax increment revenues, including the Harding Street Project Bonds, may be issued in any amount without limitation. The Harding Street Project Resolution does not permit the Redevelopment District to issue additional bonds ranking on a parity with the Harding Street Project Bonds but does permit the issuance of obligations payable from Tax Increment Revenues which are junior and subordinate to the Series 2001 C Bonds. Any such subordinate obligations will not be payable from any Taxpayer Payments without the prior written consent of Lilly.

## **Definition of Tax Increment**

Tax Increment Revenues consist of all real property tax proceeds attributable to the assessed valuation within the Allocation Area as of the assessment date in excess of the base assessed value (as defined in IC 36-7-15.1-26(a)), reduced by the additional credit (the "Additional Credit") provided for in IC 36-7-15.1-26.5(e))(referred to throughout this Official Statement as the "Tax Increment Revenues"). The Tax Increment Revenues are collected in an allocation fund by the Commission. The Allocation Fund has been established by the City into which fund the City deposits the semiannual Tax Increment Revenue distributions received by the Commission from the Allocation Area. The base assessed value for purposes of this allocation means the net assessed value of all the property in the Allocation Area as finally determined for the assessment date immediately preceding the effective date of the declaratory resolution adopted pursuant to IC 36-7-15.1-26 establishing the Allocation Area. Pursuant to Indiana law, property taxes are due and payable to the County Treasurer each May 10 and November 10. After property taxes are paid to the County Treasurer as described above, on or before each June 30 and December 31, such taxes are paid over to the County Auditor who, based on the previous year's certification, pays the portion of property tax receipts which represents Tax Increment Revenues into the Allocation Fund. See Appendix C for more information about Tax Increment Revenues estimated to be collected in the Allocation Area.

## **Harding Street Redevelopment Project Area**

The Harding Street Redevelopment Project Area is located south of downtown Indianapolis and consists of the area bounded on the north by I-70, on the east and south by White River and on the west by Big Eagle Creek and Harding Street. The Harding Street Redevelopment Project Area contains mostly industrial and commercial property, but also includes certain residential areas. The largest taxpayer in the Harding Street Redevelopment Project Area is Lilly, and the Tax Increment Revenues are obtained from the Harding Street Redevelopment Project Area, including certain existing improvements to and proposed expansions of Lilly facilities. The original Harding Street Redevelopment Project Area was established by a resolution of the Commission on January 9, 1983, as amended on March 2, 1983, and was expanded by a resolution of the Commission adopted on September 5, 1990. The base assessment date for the original area is March 1, 1982, as adjusted for reassessment to March 1, 1989, for purposes of determining Tax Increment Revenues. The base assessment date for the new portion of the Harding Street Redevelopment Project Area is March 1, 1990.

## **TAXPAYER AGREEMENT**

As of the date of delivery of the Harding Street Project Bonds, the Commission and Lilly entered into the Taxpayer Agreement under which Lilly agreed to pay the Redevelopment Trustee the Taxpayer Payments in the event of deficiencies in Tax Increment Revenues under certain circumstances. The obligation to make payments under the Taxpayer Agreement is an unsecured obligation of Lilly and will remain in effect as long as the Harding Street Project Bonds remain outstanding. See "Security for the Series 2001 C Bonds - Provisions for Payment of Harding Street Project Bonds," "The Harding Street Development" and "Risks to Bondholders - Risks Related to the Taxpayer Agreement."

The Taxpayer Agreement provides that upon notification by the City, the Redevelopment Trustee must immediately notify Lilly of the amount of any Taxpayer Payment. Upon receipt of this notice, Lilly is obligated to pay within 15 days the amount of the Taxpayer Payment to the Redevelopment Trustee. If Lilly does not make any such payment in a timely fashion, the Redevelopment Trustee is obligated to notify Lilly of its non-payment before pursuing its remedies under the Taxpayer Agreement. Lilly's obligation to make Taxpayer Payments pursuant to the Taxpayer Agreement is unconditional. Lilly has previously made payments under the Taxpayers Agreement, most recently in January, 2001. See "Tax Increment Revenues--Procedures for Property Assessment, Tax Levy and Collection." Financial information regarding Lilly may be obtained as described in "Availability of Documents and Financial Information."

## **TAXPAYER AGREEMENT (cont'd)**

Under the Harding Street Project Resolution, Lilly has the right, under certain circumstances, to be reimbursed from Tax Increment Revenues for any Taxpayer Payments made pursuant to the Taxpayer Agreement. These payments would be junior and subordinate to the payment of principal of and interest on the Harding Street Project Bonds. See “Security for the Series 2001 C Bonds - Provisions for Payment of Harding Street Project Bonds” and Appendix B, “Summary of Provisions of Certain Legal Documents - Summary of Certain Provisions of the Harding Street Project Resolution - Provisions Relating to Taxpayer Payments.”

## **RISKS TO THE BONDHOLDERS**

### **Risks Associated with the Harding Street Development**

The new developments in the Harding Street Redevelopment Project Area described under “The Harding Street Development” below are subject to certain risks, political and economic, which may result in delay, reduction in scope or abandoning of such new development. Lilly may be unable to complete the new developments for market or financial reasons. These risks include, among other things, increasing costs due to inflation or other conditions that could make all or a portion of such developments economically unfeasible, the inability of Lilly to obtain sufficient financing to complete the new development, litigation regarding the new development, failure of Lilly’s board of directors to approve any portion of the new development that has not yet been approved, and a downturn in the State, national or international economy or the pharmaceutical business that could adversely affect the economic feasibility of all or a portion of the new development.

A number of events could occur that would reduce the value of property that is taxed within the Harding Street Redevelopment Project Area, including fire, flood, earthquake, tornado or other natural disasters. Public acquisition of property within the Harding Street Redevelopment Project Area by the federal government or State or political subdivisions or acquisition by certain tax-exempt organizations may also reduce the value of property subject to taxation. Economic factors beyond the control of the Bond Bank, the City, the Commission, the Redevelopment District or Lilly or other taxpayers within the Harding Street Redevelopment Project Area could adversely affect continued operations of taxpayers within the Harding Street Redevelopment Project Area and their ownership of taxable property in it.

Certain economic or political developments, such as downturns in the State, national or international economy, could adversely affect the operation of the development in the Harding Street Redevelopment Project Area. The pharmaceutical business, of which Lilly is a part, is highly competitive and subject to cyclical patterns and extensive government regulation. None of such factors can be predicted with certainty or are within the control of the Bond Bank, the City, the Commission, the Redevelopment District or Lilly and any such factor could adversely affect the ability of the City to collect sufficient Tax Increment Revenues to pay debt service on the Harding Street Project Bonds.

If the Tax Increment Revenues collected are less than projected, the Commission does not have and has not pledged any other source of funds to the payment of the Harding Street Project Bonds other than the Harding Street Trust Estate, including any Taxpayer Payments. See “Security For The Bonds,” “Tax Increment Revenues,” and “Taxpayer Agreement”.

### **Risks Associated with the Taxpayer Agreement**

The obligation to make payments under the Taxpayer Agreement is an unsecured obligation of Lilly. See “Taxpayer Agreement” and “The Harding Street Development”. If Lilly is unable to make payments due under the Taxpayer Agreement, the owners of the Harding Street Project Bonds and the Redevelopment Trustee have no lien on or security interest in any property owned by Lilly, including Lilly’s property in the Harding Street Redevelopment Project Area, to secure those payments.



## **Enforcement of the Harding Street Project Bonds**

As owner of the Harding Street Project Bonds, the Bond Bank has available to it all remedies available to owners or holders of securities issued by qualified entities. The Act provides that upon the sale and the delivery of any qualified obligation to the Bond Bank, a qualified entity will be deemed to have agreed that all statutory defenses to nonpayment are waived if such qualified entity fails to pay principal of or interest on such qualified obligation when due.

The Bond Bank will be constituted a holder or owner of securities that are in default. The Bond Bank is obligated under the Indenture to avail itself of all remedies and provisions of law applicable in the circumstances and the failure to exercise any right or remedy within a time or period provided by law may not, according to the Act, be raised as a defense by the defaulting qualified entity.

The Bond Bank has also determined to consult with the City, as necessary from time to time, with regard to the action needed to be taken by the City to preserve the exclusion of the interest on the Series 2001 C Bonds from the gross income of the holders of the Series 2001 C Bonds for federal income tax purposes. See the caption "TAX MATTERS."

The Bond Bank will monitor the compliance and consult regularly with the City with respect to its requirements under the Harding Street Project Bonds, including the making of Harding Street Project Bonds Payments to the Bond Bank.

## **Risk Factors Related to Tax Increment Revenues and the Harding Street Project Bonds**

### **Tax Increment-Related Risks**

The estimate of Tax Increment is dependent on certain assumptions as to future events, the occurrence of which cannot be guaranteed. In relying on estimates of Tax Increment contained herein, consideration should be given to risk factors which could result in reductions in the estimated Tax Increment. Risk factors include, but are not limited to, the following:

1. *General Risks of Tax Increment.* Tax Increment available to pay debt service due on the Harding Street Project Bonds is based on increases in assessed valuation of developments in the Harding Street Redevelopment Project Area since the base assessment date. There are certain risks associated with the Tax Increment Revenues estimates such as, but not limited to, the following: (i) destruction of property in the Harding Street Redevelopment Project Area caused by natural disaster; (ii) delinquent taxes or adjustments of or appeals on assessments by property owners in the Harding Street Redevelopment Project Area (the taxpayers in the Harding Street Redevelopment Project Area will not covenant not to appeal to reduce their future assessments); (iii) a decrease in the assessed value of properties in the Harding Street Redevelopment Project Area due to increases in depreciation, obsolescence or other factors by the Marion County Assessor's office; (iv) acquisition of property in the Harding Street Redevelopment Project Area by a tax-exempt entity; (v) removal or demolition of real property improvements or personal property by property owners in the Harding Street Redevelopment Project Area, (vi) delayed billing, collection or distribution of Tax Increment Revenues by the Marion County Auditor; (vii) a decrease in property tax rates or increase in the property tax replacement credit which would increase the Additional Credit applied to the Tax Increment Revenues and reduce the Tax Increment Revenues available to pay debt service on the Harding Street Project Bonds; (viii) the General Assembly, the courts, the State Board of Tax Commissioners or other administrative agencies with jurisdiction in the matter could enact new laws or regulations or interpret, amend, alter, change or modify the laws or regulations governing the calculation, collection, definition or distribution of Tax Increment Revenues including, laws or regulations relating to reassessment, the Additional Credit or a revision in the property tax system that could affect the Tax Increment Revenues (see paragraphs about litigation and legislation below); (ix) a revision in the property tax system affecting Tax Increment Revenues; or (x) a change in any taxing unit's funding mechanism would reduce the amount of Tax Increment Revenues if that taxing unit's funding is changed to sources other than property taxes. Any such changes could cause the Tax Increment Revenues to fall below the levels set forth in the "Estimated Tax Increment Revenue" schedule found in Appendix C which would reduce the Tax Increment Revenues available to pay the Harding Street Project Bonds.

## **Risk Factors Related to Tax Increment Revenues and the Harding Street Project Bonds (cont'd)**

2. *Reduction of Tax Rates or Tax Collection Rates.* Any substantial increase in State or federal aid or other sources of local revenues which would reduce local required fiscal support for certain public programs or any substantial increase in assessments outside the Harding Street Redevelopment Project Area could reduce the rates of taxation by the taxing bodies levying taxes upon property within the Harding Street Redevelopment Project Area and have an adverse effect on the amount of Tax Increment Revenues. Economic conditions or administrative action could reduce the collection rate achieved by Marion County within its jurisdiction, including the Harding Street Redevelopment Project Area.
3. *Litigation.* On December 4, 1998, the Indiana Supreme Court affirmed in part and reversed in part a ruling by the Indiana Tax Court that the true tax value method of valuing property for purposes of levying property taxes was unconstitutional. *Town of St. John vs. State Board of Tax Commissioners*, 702 N.E.2d 1034 (Ind. 1998). The Indiana Supreme Court ruled that the true tax value method is constitutional but the current cost schedules used by the State Board of Tax Commissioners are unconstitutional. On May 31, 2000, the Indiana Tax Court ordered the State Board of Tax Commissioners to complete the new assessment regulations by June 1, 2001 and to complete reassessment under those regulations by March 1, 2002. The State Board of Tax Commissioners has published the new assessment rules which will be effective June 22, 2001. Neither the City, the Redevelopment District, nor the Bond Bank can predict the impact on property tax collections, or the timing of, the new cost schedules, future judicial actions in this case, or legislation, regulations or rulings enacted to implement this ruling.
4. *Reassessment.* The next general reassessment of property in the State is scheduled to be effective for taxes assessed March 1, 2002, for taxes payable in 2003. Reassessments are scheduled to occur every four years thereafter. The State Board of Tax Commissioners is required by law to make a one-time adjustment to neutralize the effect of a reassessment on property within tax increment allocation areas, including the Harding Street Redevelopment Project Area, so that owners of obligations secured by tax increment revenues will not be adversely affected. Delays in the reassessment process, the inability to neutralize the effect of reassessment, or appeals of reassessments could adversely affect the availability of Tax Increment Revenues.
5. *Additional Credit and Tax Rates Assumed in the Tax Increment Estimate.* The Tax Increment Revenues estimate also assumes that the gross property tax rate and PTRC (as defined below) (on which the calculation of the Additional Credit (as defined herein) is based) will remain at approximately the same level for the tax districts within the Harding Street Redevelopment Project Area throughout the term of the Harding Street Project Bonds. The amount of the PTRC could change if, among other things, property taxes are levied to pay debt service on bonds issued by any taxing units overlapping the Harding Street Redevelopment Project Area. The General Assembly could also enact legislation changing the method of calculating, or the size of, the PTRC. Any decrease in the tax rate or increase in the PTRC could result in a decrease in the amount of Tax Increment Revenues available to pay debt service. (See "Additional Credit" found in "PROCEDURES FOR PROPERTY TAX ASSESSMENT, TAX LEVY AND COLLECTION.")

## **Risks Associated with Obligations of the Bond Bank**

The ability of the Bond Bank to pay principal of and interest on the Series 2001 C Bonds depends primarily upon receipt by the Bond Bank of Harding Street Bond Payments, together with earnings on the amounts in certain funds and accounts held under the Indenture sufficient to make such payments. Except for the Bond Bank Reserve Fund, there is no fund which is required to contain amounts to make up any deficiencies if the Redevelopment District defaults on one or more Harding Street Bond Payments. There is no source from which the Bond Bank Reserve Fund is required to be replenished except Harding Street Bond Payments and investment earnings on the funds and accounts under the Indenture. There can be no representation or assurance that (i) a certificate from the Chairman of the Board of Directors of the Bond Bank, stating the amount of a deficiency in the Bond Bank Reserve Fund would be taken up for consideration by the Council; (ii) upon consideration of any such certificate, the Council would determine to appropriate funds to reduce or eliminate such deficiency; (iii) the Mayor of the City would approve any ordinance making such an appropriation, or (iv) if the Council determined to make such an appropriation, the amounts thus appropriated would be forthcoming as of any particular date.

## **Risks Associated with Obligations of the Bond Bank (cont'd)**

None of the factors described above can be predicted with certainty or are within the control of the Bond Bank, the City, the Commission or the Redevelopment District. Failure to meet the predictions in the Harding Street Financial Report Regarding Tax Increment Revenues in Appendix C could adversely affect the ability of the City to collect sufficient Tax Increment Revenues to pay debt service on the Harding Street Project Bonds.

### **THE HARDING STREET DEVELOPMENT**

The Financial Report Regarding Tax Increment in Appendix C provides a summary of the current Tax Increment Revenue being generated in the Allocation Area and estimated increases in Tax Increment Revenues which are expected to result from the Lilly improvements in the Allocation Area.

Lilly is in the process of investing in excess of \$1 billion in improvements to (both real property and personal property) its facilities in Indianapolis. These improvements are occurring in the Allocation Area as well as outside the Allocation Area. According to Lilly, over \$920 million of projects have been completed or announced thus far and they may exceed \$1 billion in planned projects by the end of 2001. Approximately \$275 million of real property renovations and new construction projects have commenced or are expected to be completed over the next four years in the Allocation Area. These projects will provide increased production, research, development and manufacturing capabilities. The expansion and construction of new sales and training facilities as well the construction of a new cafeteria are also planned for the Allocation Area. Estimated Tax Increment Revenue increases attributable to Lilly were limited only to those projects which have been announced. Lilly has plans to increase the investment in the Allocation Area, but the specifics of this additional investment have yet to be determined.

### **PROCEDURES FOR PROPERTY TAX ASSESSMENT, TAX LEVY AND COLLECTION**

Real property in Indiana is assessed each year as of March 1st. On or before August 1st each year, each County Auditor must submit to each taxing unit a statement of (i) the estimated assessed value of the taxing units as of March 1st of that year, and (ii) an estimate of the taxes to be distributed to the unit during the last six months of the current budget year. The estimated value is based on statements delivered to the County Auditor by the township assessor or its designee on or before July 15.

The estimated value is used when the governing body of a local taxing unit (such as a county) meets to establish its budget for the next fiscal year (January 1 through December 31), and to set tax rates and levies. By statute, the budget, tax rate and tax levy must be established for the taxing unit no later than the last meeting of the Council in September. The budget, tax rate and levy are subject to review and revision by the State Board of Tax Commissioners, which can lower, but not raise, the tax rate or tax levy (with the exception of increasing for any debt service or lease rental levy as may be required).

On December 4, 1998, the Indiana Supreme Court affirmed in part and reversed in part a ruling by the Indiana Tax Court that the true tax value method of valuing property for purposes of levying property taxes was unconstitutional. *Town of St. John vs. State Board of Tax Commissioners*, 702 N.E.2d 1034 (Ind. 1998). The Indiana Supreme Court ruled that the true tax value method is constitutional but the current cost schedules used by the State Board of Tax Commissioners are unconstitutional. On May 31, 2000, the Indiana Tax Court ordered the State Board of Tax Commissioners to complete the new assessment regulations by June 1, 2001 and to complete reassessment under those regulations by March 1, 2002. The State Board of Tax Commissioners has published the new assessment rules which will be effective June 22, 2001. Neither the City, the Redevelopment District, nor the Bond Bank can predict the impact on property tax collections, or the timing of, the new cost schedules, future judicial actions in this case, or legislation, regulations or rulings enacted to implement this ruling.

On or before December 31, the County Auditor prepares and delivers the final abstract of property taxes. The County Treasurer mails tax statements the following April (mailing may be delayed as a result of reassessment or other factors). Property taxes are due and payable from taxpayers in two installments, on May 10 and November 10, unless the State Board of Tax Commissioners determines that an emergency has occurred and establishes a later date. If an installment of taxes is not completely paid on or before the due date, a penalty of 10 percent of the amount delinquent is added to the amount due. On May 10 and November 10 of each year thereafter, an additional penalty equal to 10 percent of any taxes remaining unpaid is added. The penalties are imposed only on the principal amount of the delinquency. Property becomes subject to tax sale procedures after 15 months of delinquency.

## PROCEDURES FOR PROPERTY TAX ASSESSMENT, TAX LEVY AND COLLECTION (cont'd)

If a taxpayer files for bankruptcy, property taxes would become a claim against the bankruptcy estate. Real property taxes would be treated as an administrative expense or would have the lien rights provided under the State law as described below. Taxes on personal property may be treated as an administrative expense, but neither the County nor the City has any lien rights on personal property until the property tax claim is reduced to a judgment.

On or before August 1 of each year, each County Treasurer must certify to the County Auditor a list of real property for which property taxes from the prior year's spring installment, or before, is delinquent. Each County Auditor prepares and publishes a notice of a tax sale, posts it in the County Courthouse and mails it by certified mail to any mortgagee who has requested the notice. The notice must be made at least 21 days prior to the date scheduled for the sale and must include the date on or after which the County Auditor and County Treasurer will apply for a court judgment against the tracts of real property. On that date, the Auditor will apply to the court for a judgment. The court must hold a hearing at least seven days before the advertised tax sale date and enter a judgment at least three days before the tax sale date. If the delinquent taxes, penalties and assessments are paid prior to the sale date, the property may not be sold. The County Treasurer will sell the property to the highest bidder at a public auction, but the property cannot be sold for an amount which is less than the sum of the delinquent taxes, taxes due and payable in the year of the sale, and all other penalties and costs incurred as a result of the sale. The purchaser must pay the sale price immediately to the County Treasurer who applies the payment (1) to delinquent property taxes, penalties and costs, (2) to other delinquent property taxes (such as personal property taxes) and (3) to a tax sale surplus fund, which would be paid to the owner upon delivery of the tax deed to the purchaser. The Tax Increment Revenues would be paid as described in clause (1) of the immediately preceding sentence.

Each County Auditor must annually serve a written demand on each county resident who is delinquent in the payment of personal property taxes by registered or certified mail or in person. If the taxes are not paid within 30 days after written demand is made, the County Treasurer must levy upon and sell the personal property which is of sufficient value to pay the delinquent taxes, penalties and expenses. The County Treasurer may take immediate possession of the property and store it in a secure place or leave the property in the custody of the delinquent taxpayer until the day of the sale upon receipt of a bond in an amount at least equal to the sum of the delinquent taxes, penalties and expenses. Proceeds of the sale are applied (1) to collection expenses, (2) to the payment of delinquent taxes and penalties, (3) to other tax delinquencies (including real property delinquencies) and (4) to the delinquent taxpayer. The Tax Increment Revenues would be paid as described in clause (2) of the immediately preceding sentence.

In addition to the levy and sale procedures, at least 60 days after the demand is made, the County Treasurer must prepare a record of the delinquencies for which written demand has been made and file it with the Clerk of the Circuit Court. When the record is so filed, the amount of delinquent taxes, penalties and expenses stated in the record becomes a debt of the taxpayer and has the same force and effect as a judgment in favor of the County for the benefit of all taxing units having an interest in it. The County Treasurer notifies the delinquent taxpayer of the judgment and that the County Treasurer is going to execute on the judgment. If the judgment is not paid within ten days, the County Treasurer files for execution of the judgment and if the judgment has not been satisfied within 60 days after the judgment, the County Treasurer may levy upon the taxpayer's property held by a financial institution, garnish accrued earnings and wages and withhold the amount of the judgment from any payment due to the taxpayer from the County.

Assessment. Pursuant to State law, real property is valued for assessment purposes at its "True Tax Value" as defined in rules and regulations promulgated by the State Board of Tax Commissioners. True Tax Value does not mean fair market value. Current regulations define the True Tax Value, generally, as the market value of land determined by the County Land Valuation Commission, as approved by the State Board of Tax Commissioners, and as the reproduction value of improvements based on actual labor and material costs prevalent in the State in 1991. Each local assessor is to subtract from the reproduction value, an amount for normal depreciation, as provided in State regulations, and may, for commercial properties, subtract amounts for functional or economic obsolescence, as such assessor deems appropriate in accordance with such regulations. Each local assessor is required to assess annually projects under construction to allow taxes to be levied on partial assessment. Net Assessed Value represents the Gross Assessed Value less certain deductions for, among other things, mortgages, veterans, the aged, the blind, economic revitalization, resource recovery systems and tax-exempt property. The Net Assessed Value is the value used for taxing purposes in the determination of tax rates.

## **PROCEDURES FOR PROPERTY TAX ASSESSMENT, TAX LEVY AND COLLECTION (cont'd)**

If a change in assessed value occurs, a written notification is sent by either the township assessor or the County Board of Review to the affected property owner. Upon notification, if the owner wishes to appeal an assessment, the owner may file a petition requesting a review of the assessment. For any change in assessment to be effective in the current year, the petition must be filed with the County Auditor within 45 days after the written notification is given or by May 10th, whichever is later. A petition for review of an assessment may be filed in any year. If the petition is filed after the deadline in a year in which the taxpayer has not received a notice of an increase, a change in the assessment becomes effective in the following year. While the appeal is pending, any taxes on real property which become due on the property in question must be paid in an amount based on the immediately preceding year's assessment.

Tax Abatement. Indiana Code 6-1.1-12.1-4 and 4.5 provides a mechanism by which a governmental unit may authorize a property tax deduction for real property and for new manufacturing equipment within an economic revitalization area. A city, town or county may grant the tax abatement of real property or personal property for a period of one through ten years. The deduction is equal to the increase in assessed value resulting from the rehabilitation or new development, or the assessed value of the eligible equipment, multiplied by certain prescribed percentages.

Property Tax Replacement Credit. Indiana Code 6-1.1-21-5 provides that taxpayers will receive a credit for property tax replacement, the Property Tax Replacement Credit (PTRC), up to 20 percent of their tax liability for taxes under the IC 6-1.1-22-9 which are due and payable in May and November of each year. The PTRC is applied to each installment of taxes. However, the tax liability of a taxpayer does not include the amount of any property tax owed by the taxpayer attributable to certain specified components of the tax levy. Among the tax levy components not receiving the PTRC are the property taxes that will be used to pay principal and interest due on debt entered into after December 31, 1983.

Although the State Board of Tax Commissioners has determined that a PTRC will not be allowed on gross tax increment, IC 36-7-15.1-26.5 allows a credit (the "Additional Credit") equal to the PTRC and payable from the gross tax increment to compensate taxpayers in an allocation area. The Additional Credit is payable from Tax Increment Revenues prior to debt service on the Harding Street Project Bonds.

Excess Tax Increment. Before August 15 of each year, the Commission must determine and notify the County Auditor of the amount, if any, by which Tax Increment Revenues are expected to exceed the amount of property taxes necessary to meet the obligations which may be legally paid with Tax Increment Revenues. This excess incremental assessed value may be passed through and incorporated into the total net assessed value of each taxing unit having jurisdiction within the Allocation Area.

## FINANCING PLAN

### Refinancing

The Bond Bank issued its Bond Bank Bonds, Series 1991 A on April 24, 1991 in the original aggregate issued amount of \$35,451,123. The Series 1991 A Bonds were issued to purchase Tax Increment Revenue Bonds of 1991 of the Redevelopment District of the City of Indianapolis.

The proceeds from the Series 2001 C Bonds will be used by the Bond Bank to provide funds in an amount sufficient to defease and redeem the 1991 A Bond Bank Bonds maturing on February 1, 2002, February 1, 2003, February 1, 2004, together with a premium of one percent, and the Series 1991 A Bonds maturing February 1, 2020 (collectively, the “Refunded Bonds”) on August 1, 2001, the earliest date on which the Refunded Bonds may be redeemed.

The refunding of the Refunded Bonds will be achieved through the deposit of \$25,675,175.00 of the proceeds of the Series 2001 C Bonds into refunding escrow (the “Refunding Escrow”) to be held by the Trustee pursuant to a refunding escrow and defeasance agreement dated as of June 1, 2001 by and among the Bond Bank, the Trustee and Bank One Trust Company, National Association, Indianapolis, Indiana, as escrow trustee. Moneys in the Refunding Escrow will be applied to the purchase of United States Treasury Obligations which, together with the interest thereon, will be sufficient in amount and available when necessary to pay when due, respectively, the principal of and interest on the Refunded Bonds. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS.”

### Application of Proceeds of the Series 2001 C Bonds

The proceeds of the Series 2001 C Bonds, exclusive of accrued interest from the dated date of the Series 2001 C Bonds to delivery, are to be applied on the issue date of the Series 2001 C Bonds as follows:

#### Sources

Principal Amount of Series 2001 C Bonds	\$27,170,000.00
Net Premium	297,657.25
Transfer from Prior Issue Debt Service Reserve	3,250,586.00
Transfer from Prior Issue General Account	<u>84,867.58</u>
Total	<u><u>\$30,803,111.83</u></u>

#### Uses

Deposit to Escrow	\$25,675,175.00
Costs of issuance, including Underwriters’s Discount	337,888.65
Repayment of Taxpayer Payments	1,468,385.88
Deposit to Debt Service Reserve Fund	3,317,612.30
Deposit to General Account	<u>4,050.00</u>
Total	<u><u>\$30,803,111.83</u></u>

## THE BOND BANK

### Powers and Purposes

The Bond Bank is a body corporate and politic separate from the City. The address of the Bond Bank is Suite 2421, City-County Building, 200 East Washington Street, Indianapolis, Indiana 46204. The Bond Bank was created by the Act for the purpose of buying and selling securities of certain qualified entities, including the City, the County, all special taxing districts of the City, all entities whose tax levies are subject to review and modification by the Council and certain authorities or entities that lease land or facilities to other qualified entities. The Bond Bank was created pursuant to the Act to help the qualified entities lower their respective borrowing costs by having the Bond Bank purchase their debt obligations at interest rates favorable to the qualified entities. To accomplish its purpose, the Bond Bank may issue bonds or notes. The Bond Bank also has general powers which include the power to enter into, make and perform contracts of every lawful kind to accomplish its purpose.

### Board of Directors of the Bond Bank

The Bond Bank is governed by a five (5) member board of directors appointed by the Mayor of the City. The directors appoint an executive director who serves as secretary-treasurer of the board. The directors each serve for terms of three (3) years and may be reappointed. No director may be an officer of the City, the County or any other qualified entity. The current members of the board of directors, their positions and their principal occupations are as follows:

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>	<u>Occupation</u>
John J. Dillon III	Chairman	December 31, 2002	Business Executive
Mary Titsworth Chandler	Vice Chairman	April 30, 2003	Attorney, Private Practice
Jacob E. Hall	Member	April 30, 2003	Engineer
Thomas J. O'Donnell	Member	April 30, 2003	Business Manager of International Brotherhood of Electrical Workers
Arnold Pinkston	Member	April 30, 2003	Deputy General Counsel, Eli Lilly & Company

Robert J. Clifford was appointed the Executive Director of the Bond Bank on March 20, 2000. Mr. Clifford served as Vice President of Finance, Accounting and Marketing of the Indiana Municipal Power Agency (IMPA) from 1992 through March, 2000. He holds a B.S. and M.B.A. from Indiana University and is a Certified Public Accountant.

Barbara A. Lawrence serves as Deputy Executive Director of the Bond Bank. Prior to this appointment, Ms. Lawrence was a government relations specialist for a law firm and has held several positions in State government including Finance Director of the State Budget Agency's state revolving fund. She holds a B.A. from Indiana University and M.B.A. from Indiana Wesleyan University.

### Other Programs; Outstanding Indebtedness

Under the Act, the Bond Bank is authorized to issue other series of notes or bonds to finance different programs to accomplish its purposes. Under separate trust indentures and other instruments authorized under the Act, the Bond Bank has previously issued and had outstanding as of April 30, 2001 an aggregate long-term principal amount of approximately \$1,084,932,252 in separate program obligations. Certain of the foregoing obligations of the Bond Bank may mature or otherwise be defeased as of or prior to the issuance of the Series 2001 C Bonds. All such obligations are and will be secured separately and independently and do not and will not constitute Bonds under the Indenture or for purposes of this Official Statement.

Further, as of the date of this Official Statement, the Bond Bank is considering undertaking other types of financings for qualified entities for purposes authorized by and in accordance with the procedures set forth in the Act. The obligations issued by the Bond Bank in connection with any and all such financings, if any, will be secured separately from the Series 2001 C Bonds and will not constitute Bonds under the Indenture or for purposes of this Official Statement.

## THE REDEVELOPMENT DISTRICT

### General Description

The Redevelopment District, a special taxing district of the City, is under the control of the Metropolitan Development Commission of Marion County, Indiana, acting as the Redevelopment Commission of the City of Indianapolis.

The Commission consists of nine members, three of whom are appointed by the Council, four of whom are appointed by the Mayor of the City and two of whom are appointed by the Board of Commissioners of Marion County to serve staggered terms of one, two or three years each.

The present members of the Commission are as follows:

<u>Member</u>	<u>Appointed by</u>
Harold Anderson	Mayor
James Curtis	County Commissioners
C. Eugene Hendricks	City-County Council
Lee Marble	Mayor
Brian Murphy	City-County Council
Robert J. Smith	County Commissioners
Randolph Snyder	City-County Council
Edward Treacy	Mayor
Sylvia Trotter	Mayor

## THE CITY OF INDIANAPOLIS AND MARION COUNTY

The City is a municipal corporation located in the County. It is the largest city in the State and the twelfth largest city in the United States. In 1970, the governments of the City and the County were consolidated to form the State's only consolidated city, which provides services generally throughout the County in which the City is located. By the consolidating act, the boundaries of the City were extended to the County line with the exception of the municipalities of Beech Grove, Lawrence, Speedway and Southport.

The executive of the City is the Mayor who is elected by all the voters of the County. The Mayor, who may serve an unlimited number of four-year terms, has extensive appointive powers and also serves as chief executive officer of the County. The executive authority is administered through six departments: Administration, Metropolitan Development, Parks and Recreation, Capital Asset Management, Public Safety and Public Works.

The legislative body of the City and the County is the Council. The Council approves the annual budget and tax levies for the City, the Redevelopment District and the special taxing districts of the City and the County. It is also empowered to review and modify the budgets and tax levies of certain other entities in the County.

The Indianapolis Metropolitan Statistical Area ("MSA"), which currently includes the counties of Marion, Boone, Hamilton, Hancock, Hendricks, Johnson, Madison, Morgan and Shelby, is located at the geographic center of the

State. There are more interstate freeways (I-65, I-69, I-70 and I-74) passing through the City than through any other city in the nation. In addition, six other major U.S. highways, all interconnected by an outer beltway (I-465), provide the Indianapolis MSA with routes for transportation and distribution in all directions. In 1999, the United States Census Bureau estimated the population of the Indianapolis MSA at 1,536,065. This represents growth of 11.1% since 1990. The Indianapolis MSA is the 29th largest metropolitan area in the United States, while the City of Indianapolis is the twelfth largest city with a population of 791,926.

The economy of the Indianapolis MSA continues to be strong: per capita personal income was \$26,662 in 1997, nearly 10.0% higher than the U.S. average, while the rate of unemployment remained under 4% from 1995 through 1999. The economy of the Indianapolis MSA is increasingly diversified, with the industry distribution of employment similar to that of the nation as a whole.



## **LITIGATION**

There is not now pending or, to the Bond Bank's or Redevelopment District's respective knowledge, threatened any litigation restraining or enjoining the issuance, sale, execution or delivery of the Series 2001 C Bonds; or in any way contesting or affecting the validity of the Series 2001 C Bonds or the Harding Street Project Bonds or any proceedings of the Bond Bank or the Redevelopment District taken with respect to the issuance or sale thereof, or application of any moneys or security provided for payment of the Series 2001 C Bonds or the Harding Street Project Bonds. Neither the creation, organization or existence of the Bond Bank or the Redevelopment District nor the title of any of the present directors or other officers of the Bond Bank or Redevelopment District to their respective offices is being contested.

## **TAX MATTERS**

In the opinion of Ice Miller, Indianapolis, Indiana, Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Series 2001 C Bonds is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the Series 2001 C Bonds (the "Code"). This opinion relates only to the exclusion from gross income of interest on the Series 2001 C Bonds for federal income tax purposes under Section 103 of the Code and is conditioned on continuing compliance by the Bond Bank and the City with the Tax Covenants (hereinafter defined). Failure to comply with the Tax Covenants could cause interest on the Series 2001 C Bonds to lose the exclusion from gross income for federal income tax purposes retroactive to the date of issue. In the opinion of Ice Miller, Indianapolis, Indiana, Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Series 2001 C Bonds is exempt from income taxation in the State of Indiana ("State"). See Appendix A for the form of Bond Counsel opinion.

The Code imposes certain requirements which must be met subsequent to the issuance of the Series 2001 C Bonds as a condition to the exclusion from gross income of interest on the Series 2001 C Bonds for federal income tax purposes. The Bond Bank and Redevelopment District will covenant not to take any action, within its power and control, nor fail to take any action with respect to the Series 2001 C Bonds that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Series 2001 C Bonds pursuant to Section 103 of the Code (collectively, "Tax Covenants"). The Indenture, the Harding Street Project Resolution and certain certificates and agreements to be delivered on the date of delivery of the Series 2001 C Bonds establish procedures to permit compliance with the requirements of the Code. It is not an event of default under the Indenture if interest on the Series 2001 C Bonds is not excludable from gross income for federal tax purposes or otherwise pursuant to any provision of the Code which is not in effect on the date of issuance of the Series 2001 C Bonds.

The interest on the Series 2001 C Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, interest on the Series 2001 C Bonds is included in adjusted current earnings in calculating corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

Indiana Code 6-5.5 imposes a franchise tax on certain taxpayers (as defined in Indiana Code 6-5.5) which, in general, includes all corporations which are transacting the business of a financial institution in Indiana. The franchise tax is measured in part by interest excluded from gross income under Section 103 of the Code minus associated expenses disallowed under Section 265 of the Code.

Although Bond Counsel will render an opinion that interest on the Series 2001 C Bonds is excluded from federal gross income and exempt from State income tax, the accrual or receipt of interest on the Series 2001 C Bonds may otherwise affect a bondholder's federal income tax or state tax liability. The nature and extent of these other tax consequences will depend upon the bondholder's particular tax status and a bondholder's other items of income or deduction. Taxpayers who may be affected by such other tax consequences include, without limitation, financial institutions, certain insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or railroad retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Series 2001 C Bonds. Bond Counsel expresses no opinion regarding any other such tax consequences. Prospective purchasers of the Series 2001 C Bonds should consult their own tax advisors with regard to the federal and state tax consequences of owning the Series 2001 C Bonds other than those consequences set forth in the form of opinion of Bond Counsel.

## **ORIGINAL ISSUE DISCOUNT**

The initial public offering price of the Series 2001 C Bonds maturing on August 1, 2015, 2016, 2017 and on August 1, 2018 through and including February 1, 2020 (the "Discount Bonds"), is less than the principal amount payable at maturity. As a result, the Discount Bonds will be considered to be issued with original issue discount. The difference between the initial public offering price of the Discount Bonds, as set forth inside the cover page of this Official Statement (assuming it is the first price at which a substantial amount of that maturity is sold) (the "Issue Price" for such maturity), and the amount payable at maturity of the Discount Bonds will be treated as "original issue discount."

The original issue discount on each of the Discount Bonds is treated as accruing daily over the term of such Discount Bond on the basis of the yield to maturity determined on the basis of compounding at the end of each six-month period (or shorter period from the date of the original issue) ending on February 1 and August 1 (with straight line interpolation between compounding dates). A taxpayer who purchases a Discount Bond in the initial public offering at the Issue Price for such maturity and who holds the Discount Bond to maturity may treat the full amount of original issue discount as interest which is excludable from the gross income of the owner of that Discount Bond for federal income tax purposes and will not, under present federal income tax law, realize taxable capital gain upon payment of the Discount Bond at maturity.

Section 1288 of the Code provides, with respect to tax-exempt obligations such as the Discount Bonds, that the amount of original issue discount accruing each period will be added to the owner's tax basis for the Discount Bonds. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale, redemption or payment at maturity). Owners of Discount Bonds who dispose of Discount Bonds prior to maturity should consult their tax advisors concerning the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discount Bonds prior to maturity.

As described earlier in "Tax Matters", the original issue discount that accrues in each year to an owner of a Discount Bond may result in certain collateral federal income tax consequences. Owners of any Discount Bonds should be aware that the accrual of original issue discount in each year may result in a tax liability from these collateral tax consequences even though the owners of such Discount Bonds will not receive a corresponding cash payment until a later year.

Owners who purchase Discount Bonds in the initial public offering but at a price different from the Issue Price for such maturity, should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of subsequent purchasers of bonds such as the Discount Bonds. It is possible under the applicable provisions governing the determination of state or local income taxes that accrued interest on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year. Owners of Discount Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discount Bonds.

## **AMORTIZABLE BOND PREMIUM**

The initial offering price of the Series 2001 C Bonds maturing on August 1, 2001 and on February 1, 2002, 2003, 2004, 2015, 2016, 2017 and 2018 (collectively, the "Premium Bonds"), is greater than the principal amount payable at maturity. As a result, the Premium Bonds will be considered to be issued with amortizable bond premium (the "Bond Premium"). An owner who acquires a Premium Bond in the initial offering will be required to adjust the owner's basis in the Premium Bond downward as a result of the amortization of the Bond Premium, pursuant to Section 1016(a)(5) of the Code. Such adjusted tax basis will be used to determine taxable gain or loss upon the disposition of the Premium Bonds including sale, redemption or payment at maturity. The amount of amortizable Bond Premium will be computed on the basis of the taxpayer's yield to maturity, with compounding at the end of each accrual period. Rules for determining (i) the amount of amortizable Bond Premium and (ii) the amount amortizable in a particular

## **AMORTIZABLE BOND PREMIUM (cont'd)**

year are set forth at Section 171(b) of the Code. No income tax deduction for the amount of amortizable Bond Premium will be allowed pursuant to Section 171(a)(2) of the Code, but the amortization of Bond Premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining other tax consequences of owning the Premium Bonds. Owners of the Premium Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon the sale or other disposition of such Premium Bonds and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

Special rules governing the treatment of Bond Premium, which are applicable to dealers in tax-exempt securities, are found at Section 75 of the Code. Dealers in tax-exempt securities are urged to consult their own tax advisors concerning the treatment of Bond Premium.

## **ENFORCEABILITY OF REMEDIES**

The various legal opinions to be delivered concurrently with the delivery of the Series 2001 C Bonds express the professional judgment of the attorneys rendering the opinions on the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

The remedies available to the Trustee or the bondholders of the Series 2001 C Bonds upon a default under the Indenture; and to the Trustee or the Bond Bank under the Harding Street Project Resolution are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the United States Bankruptcy Code), the remedies provided in the Indenture and the Harding Street Project Resolution, may not be readily available or may be limited. Under Federal and State environmental laws certain liens may be imposed on property of the Bond Bank or the Redevelopment District from time to time, but the Bond Bank has no reason to believe, under existing law, that any such lien would have priority over the lien on the Harding Street Project Bonds Payments pledged to owners of the Series 2001 C Bonds and the Outstanding Series 1991 A Bonds under the Indenture or over the lien on the Harding Street Trust Estate pledged to the Bond Bank under the Harding Street Project Resolution.

The various legal opinions to be delivered concurrently with the delivery of the Series 2001 C Bonds will be qualified as to the Enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the State of Indiana and the United States of America and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by general principles of equity (regardless of whether such Enforceability is considered in a proceeding in equity or at law). These exceptions encompass any exercise of the Federal, State or local police powers (including the police powers of the City and the Redevelopment District) in a manner consistent with the public health and welfare. Enforceability of the Indenture and the Harding Street Project Resolution in a situation where such enforcement may adversely affect public health and welfare may be subject to these police powers.

## **APPROVAL OF LEGAL PROCEEDINGS**

Certain legal matters incident to the authorization, issuance, sale and delivery of the Series 2001 C Bonds are subject to the approval of Ice Miller, Indianapolis, Indiana, Bond Counsel, whose approving legal opinion will be delivered with the Series 2001 C Bonds, substantially in the form found in Appendix A. Certain legal matters will be passed on by the Corporation Counsel of the City of Indianapolis, Indiana, as General Counsel to the Bond Bank, the City, and by Stewart & Irwin, P.C., Indianapolis, Indiana, counsel for the Underwriters.

## **RATINGS**

The Series 2001 C Bonds have been rated “Aa3”. This rating reflects only the view of Moody’s Investors Service, Inc. (“Moody’s”). Such rating is not a recommendation to buy, sell or hold the Series 2001 C Bonds. There is no assurance that such rating will remain in effect for any given period of time or that such rating will not be lowered or withdrawn entirely by Moody’s if, in their judgment, circumstances so warrant. The Underwriters have undertaken no responsibility either to bring to the attention of the owners of the Series 2001 C Bonds any proposed revision or withdrawal of the rating of the Series 2001 C Bonds or to oppose any such proposed revision or withdrawal of the rating of the Series 2001 C Bonds. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price or marketability of the Series 2001 C Bonds.

## **UNDERWRITING**

The Series 2001 C Bonds are being purchased by the Underwriters set forth on the cover page of this Official Statement. The Underwriters have agreed to purchase the Series 2001 C Bonds at an aggregate purchase price of \$27,267,268.60 which represents the par amounts set forth on the inside cover hereof, plus a net premium of \$297,657.25, less an underwriting fee of \$200,388.65, pursuant to a contract of purchase entered into by and between the Bond Bank and the Underwriters. Such contract of purchase provides that the Underwriters will purchase all of the Series 2001 C Bonds if they are purchased. The initial offering price may be changed from time to time by the Underwriters.

The Underwriters have agreed to make a bona fide public offering of all of the Series 2001 C Bonds at prices not in excess of the initial public offering prices set forth or reflected inside the cover page of this Official Statement. The Underwriters may sell the Series 2001 C Bonds to certain dealers (including dealers depositing Series 2001 C Bonds into investments trusts) and others at prices lower than the offering prices set forth inside the cover page hereof.

## **SERIES 2001 C BONDS AS LEGAL INVESTMENTS**

Pursuant to the Act, all Indiana financial institutions, investment companies, insurance companies, insurance associations, executors, administrators, guardians, trustees, and other fiduciaries may legally invest sinking funds, money, or other funds belonging to them or within their control in bonds or notes issued by the Bond Bank.

## **AGREEMENT WITH STATE**

The Act provides that the State will not limit or restrict the rights vested in the Bond Bank to fulfill the terms of any agreement made with the owners of the Series 2001 C Bonds or in any way impair the rights or remedies of the owners of the Series 2001 C Bonds for so long as the Series 2001 C Bonds are outstanding.

## **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

The accuracy of certain mathematical computations (i) showing that payments on the Harding Street Project Bonds, together with other available revenues, have been structured to be sufficient to pay principal of and interest on the Series 2001 C Bonds and the Outstanding Series 1991 A Bonds when due; (ii) showing the adequacy of the maturing principal of and interest on the securities held in escrow to satisfy certain requirements relating to the Refunded Bonds for the payment of the principal and interest on the Refunded Bonds when due (iii) supporting the conclusion of Ice Miller, Indianapolis, Indiana, Bond Counsel, that the Series 2001 C Bonds are not arbitrage bonds under Section 148 of the Code will be verified by H.J. Umbaugh & Associates, independent certified public accountants. Such verifications shall be based upon certain information and assumptions supplied by the Bond Bank and the Underwriters.

## AVAILABILITY OF DOCUMENTS AND FINANCIAL INFORMATION

A Comprehensive Annual Financial Report of the City of Indianapolis for the year ended December 31, 1999 is available and the Comprehensive Annual Financial Report for the year ended December 31, 2000 is anticipated to be available by July 6, 2001. Audited financial statements of the Bond Bank are prepared annually and are presently available for the year ended December 31, 2000 and prior years. Upon request and receipt of payment for reasonable copying, mailing and handling charges, the Bond Bank will make available copies of the most recent City Financial Reports, any authorizing or governing instruments defining the rights of owners of the Series 2001 C Bonds or the owners of the Harding Street Project Bonds and available financial and statistical information regarding the Bond Bank and the City. Requests for documents and payments therefor should be directed and payable to Mr. Robert J. Clifford, Executive Director, The Indianapolis Local Public Improvement Bond Bank, Suite 2421, 200 East Washington Street, Indianapolis, Indiana 46204.

Lilly is subject to information requirements of the Securities Exchange Act of 1934, as amended, and, in accordance therewith, files reports and other information with the Securities and Exchange Commission (the "SEC"). Such reports and other information can be inspected and copied at the public reference facilities maintained by the SEC, Room 1024, Judiciary Plaza, 450 Fifth St., N.W., Washington, D.C. 20549; at the SEC's Chicago Regional Office, Citicorp Center, Suite 1400, 500 W. Madison Street, Chicago, Illinois 60661; and at the SEC's New York Regional Office, 7 World Trade Center, Suite 1300, New York, New York 10048. Copies of such material can be obtained from the Public Reference Section of the SEC at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. Such reports, proxy statements and other information concerning Lilly also can be inspected at the office of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. Information is also available via internet.

## CONTINUING DISCLOSURE

Pursuant to continuing disclosure requirements promulgated by the Securities and Exchange Commission in SEC Rule 15c2-12, as amended (the "SEC Rule"), the City will deliver a Continuing Disclosure Undertaking Agreement (the "Undertaking") with the Trustee ("Counterparty"), to be dated the date of delivery of the Series 2001 C Bonds. The City is the only obligor under the SEC Rule. Pursuant to the terms of the Undertaking, the City will agree to provide the following information while any of the Series 2001 C Bonds are outstanding:

! Audited Financial Statements. To the Bond Bank, each nationally recognized municipal securities information repository ("NRMSIR") then in existence and to the Indiana state information depository then in existence, if any ("SID"), when and if available, the audited comprehensive annual financial report of the City for each twelve (12) month period ending December 31st, beginning with the twelve (12) month period ending December 31, 2000, together with the opinion of such accountants and all notes thereto, within sixty (60) days of receipt from the certified public accountants; and

! Financial Information in this Official Statement. To the Bond Bank, the Counterparty, each NRMSIR then in existence and to the SID, if any, within 210 days of each December 31st, beginning with the calendar year ending December 31, 2001, unaudited annual financial information for the City for such calendar year including (i) unaudited financial information of the City if audited financial statements are not available; (ii) annual Tax Increment collections as found in Appendix C; (iii) operating data of the type including information under the following headings in Appendix C of the Final Official Statement (collectively, the "Annual Information").

### APPENDIX C

#### - Historical Tax Increment

! Event Notices. In a timely manner, to the Bond Bank, to each NRMSIR or to the Municipal Securities Rulemaking Board (MSRB), and to the SID notice of certain events listed in the Rule, if material with respect to the Series 2001 C Bonds (which determination of materiality shall be made by the City in accordance with the standards established by federal securities laws).

## **CONTINUING DISCLOSURE (cont'd)**

**! Failure to Disclose.** In a timely manner, to the Bond Bank, each NRMSIR or to the MSRB, and to the SID, if any, notice of the City failing to provide the audited financial statements or Annual Information as described earlier.

The City and the Counterparty may, from time to time, amend or modify the Undertaking without the consent of or notice to the owners of the Series 2001 C Bonds if either (a)(i) such amendment or modification is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the City, or type of business conducted; (ii) the Undertaking, as so amended or modified, would have complied with the requirements of the SEC Rule on the date of execution of the Undertaking, after taking into account any amendments or interpretations of the SEC Rule, as well as any change in circumstances; and (iii) such amendment or modification does not materially impair the interests of the holders of the Series 2001 C Bonds, as determined either by (A) the Counterparty, the Trustee under the Indenture or nationally recognized bond counsel or (B) an approving vote of the holders of the Series 2001 C Bonds pursuant to the terms of the Indenture at the time of such amendment or modification; or (C) such amendment or modification (including an amendment or modification which rescinds the Undertaking) is permitted by the SEC Rule, as then in effect.

The City and Counterparty may, at its sole discretion, use an agent in connection with the dissemination of any annual financial information required to be provided by the City pursuant to the terms of the Undertaking.

The purpose of the Undertaking is to enable the Underwriters to purchase the Series 2001 C Bonds by providing for an undertaking by the City in satisfaction of the SEC Rule. The Undertaking is solely for the benefit of the owners of the Series 2001 C Bonds and creates no new contractual or other rights for, nor can it be relied upon by, the SEC, Underwriters, brokers, dealers, municipal securities dealers, potential customers, other obligated persons or any other third party. The sole remedy against the City for any failure to carry out any provision of the Undertaking shall be for specific performance of the City's disclosure obligations under the Undertaking and not for money damages of any kind or in any amount or any other remedy. The City's failure to honor its covenants under the Undertaking shall not constitute a breach or default of the Series 2001 C Bonds, the Indenture, the Harding Street Project Bonds, the Harding Street Project Resolution or any other agreement to which the City or Bond Bank is a party.

## **MISCELLANEOUS**

The references, excerpts, and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is made to all such documents for full and complete statements of all matters of fact relating to the Series 2001 C Bonds, the security for the payment of the Series 2001 C Bonds and the rights of the owners thereof. During the period of the offering, copies of drafts of such documents may be examined at the offices of the Underwriter; following delivery of the Series 2001 C Bonds, copies of such documents may be examined at the offices of the Bond Bank.

The information contained in this Official Statement has been compiled from official and other sources deemed to be reliable, and while not guaranteed as to completeness or accuracy, is believed to be correct as of this date.

Any statements made in this Official Statement involving matters of opinions or estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information presented herein since the date hereof. This Official Statement is submitted in connection with the issuance and sale of the Series 2001 C Bonds and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract or agreement between the Bond Bank, the City, the County, the Redevelopment District, the Trustee, the Registrar and Paying Agent or the Underwriter and the purchasers or owners of any Series 2001 C Bonds. The delivery of this Official Statement has been duly authorized by the Board of Directors of the Bond Bank.

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

By: /s/ John J. Dillon III  
John J. Dillon III, Chairman

## APPENDIX A



June 28, 2001

The Indianapolis Local Public Improvement Bond Bank  
Indianapolis, Indiana

Re: The Indianapolis Local Public Improvement Bond Bank  
Bonds, Series 2001 C ("Bonds")  
Total Issue: \$27,170,000  
Dated: June 28, 2001

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by The Indianapolis Local Public Improvement Bond Bank ("Issuer") of \$27,170,000 of its Bonds, dated June 28, 2001 ("Bonds"), pursuant to a First Supplemental Trust Indenture, dated as of June 1, 2001, supplementing the Trust Indenture, dated as of April 1, 1991 (collectively, the "Indenture") between the Issuer and Bank One Trust Company, National Association (successor to INB National Bank), as Trustee (the "Trustee"). We have examined the law and the certified transcript of proceedings of the Issuer had relative to the authorization, issuance and sale of the Bonds and such other papers as we deem necessary to render this opinion. We have relied upon the certified transcript of proceedings and certificates of public officials and have not undertaken to verify any facts by independent investigation.

Based upon our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds are the valid and binding limited obligations of the Issuer enforceable in accordance with the terms and provisions thereof on a parity with the Issuer's Bonds, Series 1991 A now outstanding in the current amount of \$6,006,123 and maturing in the years 2005 through and including 2014, and together with any additional bonds on a parity therewith hereafter issued, will be secured by a pledge of and payable solely from the Trust Estate (as defined in the Indenture), which includes payments received on the Tax Increment Revenue Bonds of 1991 (Harding Street Project) of the Redevelopment District of the City of Indianapolis, Indiana ("City") ("Qualified Obligations").

2. Under statutes, decisions, regulations and rulings existing on this date, interest on the Bonds is exempt from income taxation in the State of Indiana ("State"). This opinion relates only to the exemption of interest on the Bonds from State income taxes.

3. Under federal statutes, decisions, regulations and rulings existing on this date, interest on the Bonds is excludable from gross income for purposes of federal income taxation under Section 103 of the Internal Revenue Code of 1986, as amended ("Code"). This opinion relates only to the exclusion from gross income of interest on the Bonds for federal income tax purposes under Section 103 of the Code and is conditioned on continuing compliance with tax representations and covenants made in the Indenture, in the resolution adopted on January 16, 1991, by the Metropolitan Development Commission of Marion County, Indiana, acting as the Redevelopment Commission of the City, pursuant to which the Qualified Obligations were authorized and in certificates of the Issuer and the City (collectively, "Tax Representations"). Failure to comply with the Tax Representations could cause interest on the Bonds to lose the exclusion from gross income for federal income tax purposes retroactive to their date of issue.

In rendering this opinion, we have relied upon a report of H. J. Umbaugh & Associates, Certified Public Accountants, LLP, as to the accuracy of (i) the mathematical computations concerning the adequacy of the maturing principal amounts of and interest earned on the Government Obligations (as defined in the Escrow Agreement defined below), together with other escrowed moneys, to be placed in the Escrow Account created under the Escrow and Defeasance Agreement dated as of June 1, 2001 (the "Escrow Agreement") between the Issuer and Bank One Trust Company, National Association (successor to INB National Bank), as escrow trustee, to pay the principal of and interest on the Refunded Bonds (as defined in the Indenture) from the date of delivery of the Bonds to the maturity dates of the Refunded Bonds, and all fees and expenses for the redemption and (ii) the mathematical computations of the yield on the Bonds and the yield on the Government Obligations deposited pursuant to the Escrow Agreement.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of any offering material relating to the Bonds and we express no opinion thereon.

It is to be understood that the rights of the owners of the Bonds and the enforceability thereof and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity. It is to be understood that the rights of the owners of the Bonds and the enforceability thereof and of the Indenture may be subject to the valid exercise of the constitutional powers of the City, Marion County, the State and the United States of America.

Very truly yours,

## APPENDIX B

## **APPENDIX B**

### **SUMMARY OF PROVISIONS OF CERTAIN LEGAL DOCUMENTS**

#### **SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE**

The following is a summary of certain additional provisions of the Indenture not otherwise discussed in this Official Statement. This summary is qualified in its entirety by reference to the Indenture. Capitalized terms not defined in this Official Statement shall have the meanings set forth in the Indenture.

#### **Definitions**

The following are definitions of certain terms used herein and not defined elsewhere in this Official Statement.

"Accounts" means the accounts created under the Indenture.

"Act" means the provisions of Indiana Code 5-1.4, as amended from time to time.

"Additional Bonds" means additional bonds issued pursuant to the Indenture and any supplemental indenture and includes refunding bonds.

"Annual Debt Service" means, as of any date of determination, an amount which is equal to at least the sum of (i) the interest payable on the Redevelopment Bonds during the year ending on the next principal payment date, (ii) the principal (Maturity Amount for capital appreciation Redevelopment Bonds and Compounded Amount for capital appreciation Redevelopment Bonds subject to mandatory sinking fund redemption) due on the next principal payment date, and (iii) any reasonable trustee or Bond Bank fees or fiscal agency charges due on or before the next February 1 or August 1. Annual Debt Service does not include any premium for redemption of Redevelopment Bonds or any interest payments on the Redevelopment Bonds payable from the Harding Street Capitalized Interest Account or payable from amounts in the Harding Street Bond and Interest Account to the extent transferred from the Harding Street Construction Account.

"Authorized Officer" means the Chairman, Vice Chairman or Executive Director of the Bond Bank or such other person or persons who are duly authorized to act on behalf of the Bond Bank.

"Bond Bank Reserve Fund" means the Debt Service Reserve Fund established under the Indenture.

"Bond Bank Reserve Requirement" means the reserve requirement established under the Indenture.

"Bondholder" or "holder of Bonds" or "owner of Bonds" or any similar term means the registered owner of any Bond, including the Bond Bank, and any purchaser of Bonds being held for resale, including the Bond Bank.

"Bonds" means any of The Indianapolis Local Public Improvement Bond Bank Bonds issued pursuant to the Indenture and any supplemental indenture.

"Capital Appreciation Bonds" means any of the Bonds that are capital appreciation bonds as described in the Indenture.

"Cash Flow Certificate" means a certificate prepared by an accountant or firm of accountants in accordance with the Indenture concerning anticipated Revenues and payments.

"City" means the City of Indianapolis, Indiana.

"Code" means the Internal Revenue Code of 1986, as in effect on the date of issuance of any Series of Bonds and the applicable judicial decisions and published rulings or any applicable regulations promulgated or proposed thereunder or under the Internal Revenue Code of 1954.

"Commission" means the Metropolitan Development Commission of Marion County, acting as the Redevelopment Commission of the City, which serves as the governing body of the Redevelopment District.

"Compounded Amount" means the Compounded Amount, from time to time, of the Capital Appreciation Bonds.

"Costs of Issuance" means items of expense payable or reimbursable directly or indirectly by the Bond Bank and related to the authorization, sale and issuance of bonds, which items of expense shall include, but not be limited to, bond insurance premiums, credit enhancement or liquidity facility fees, printing costs, costs of reproducing documents, filing and recording fees, initial fees and charges of the Trustee and Registrar, underwriters' discounts, legal fees and charges, professional consultants' fees, costs of credit ratings, fees and charges for execution, transportation and safekeeping of bonds, costs and expenses of refunding and other costs, charges and fees in connection with the foregoing and any other costs of a similar nature authorized by the Act.

"Council" means the City-County Council of Indianapolis and of Marion County, Indiana.

"County" means Marion County, Indiana.

"Credit" means the credit paid to taxpayers pursuant to IC 36-7-15.1-26.5.

"Current Interest Bonds" means any of the Bonds that are current interest bonds as described in the Indenture.

"Fees and Charges" means fees and charges established by the Bond Bank from time to time pursuant to the Act which are payable by the Redevelopment District.

"Fiscal Year" means the twelve month period from January 1 through the following December 31 which is the fiscal year of the Bond Bank, the City and the Redevelopment District.

"Funds" means the funds created under the Indenture, except the Rebate Fund.

"Governmental Obligations" means (i) direct obligations of the United States of America or obligations the payment of the principal of and interest on which are unconditionally guaranteed by the United States of America, including but not limited to securities evidencing ownership interests in such obligations or in specified portions thereof (which may consist of specific portions of the principal of or interest on such obligations) and securities evidencing ownership interests in open-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, whose investments are limited to such obligations and which are rated P-1 by Moody's Investors Service, Inc., and (ii) obligations of any state of the United States of America or any political subdivision thereof, the full payment of principal of, premium, if any, and interest on which (a) are unconditionally guaranteed or insured by the United States of America, or (b) are provided for by an irrevocable deposit of securities described in clause (a), are not subject to call or redemption by the issuer thereof prior to maturity or for which irrevocable instructions to redeem have been given, and are rated Aaa by Moody's Investors Services, Inc.

"Harding Street Allocation Fund" means the Harding Street Redevelopment Project Allocation Area Special Fund established under the Redevelopment Statute and the Harding Street Project Resolution.

"Harding Street Bond and Interest Account" means the Bond and Interest Account of the Revenue Fund established under the Harding Street Project Resolution.

"Harding Street Bond Payments" means the principal and interest payments received by the Bond Bank on the Redevelopment Bonds.

"Harding Street Capitalized Interest Account" means the Capitalized Interest Account of the Construction Fund established under the Harding Street Project Resolution.

"Harding Street Construction Account" means the Construction Account of the Construction Fund established under the Harding Street Project Resolution.

"Harding Street Construction Fund" means the Construction Fund established under the Harding Street Project Resolution.

"Harding Street Debt Service Reserve Account" means the Debt Service Reserve Account established under the Harding Street Project Resolution.

"Harding Street Debt Service Reserve Requirement" means \$3,165,809.44 which is the debt service reserve requirement established pursuant to the Harding Street Project Resolution.

"Harding Street Development" means the development in the Harding Street Redevelopment Project Area used to project Harding Street Project Tax Increment Revenues.

"Harding Street General Account" means the General Account established under the Harding Street Project Resolution.

"Harding Street Project" means infrastructure improvements for general public use, including street and sewer improvements that are in or serving the Harding Street Redevelopment Project Area. The Harding Street Project includes the widening of Harding Street to a divided, six-lane, improved street and Morris Street to a divided, four-lane, improved street, the installation of storm sewers along the improved streets, the installation of a new sanitary sewer line under Harding Street and the repair and upgrading of existing sanitary sewer lines along Harding Street and related costs associated with these improvements.

"Harding Street Project Resolution" means the resolution adopted by the Commission on January 16, 1991 authorizing the issuance of the Redevelopment Bonds.

"Harding Street Rebate Fund" means the Rebate Fund established under the Harding Street Project Resolution.

"Harding Street Redevelopment Project Area" means the Amended Harding Street Redevelopment Project Area established by the Commission on January 9, 1983, and amended on March 2, 1983, and expanded on September 5, 1990, all of the territory of which is an allocation area under the Redevelopment Statute.

"Harding Street Revenue Fund" means the Revenue Fund established under the Harding Street Project Resolution.

"Harding Street Trust Estate" means (i) the Tax Increment Revenues, (ii) all amounts payable under the Taxpayer Agreement, and (iii) all other funds and accounts established and pledged as security under the Harding Street Project Resolution except the Harding Street Rebate Fund, including the Harding Street Construction Fund and the Harding Street Revenue Fund.

"Investment Securities" means any of the following: (i) Governmental Obligations; (ii) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies: Export-Import Bank, Government National Mortgage Association, Federal Farm Credit Banks, Federal Home Loan Bank and Federal Land Bank; (iii) bankers' acceptances or certificates of deposit of commercial banks or savings and loan associations, including the Trustee, which mature not more than one year after the date of purchase; provided the banks or savings and loan associations (rather than their holding companies) are rated for unsecured debt at the time of purchase of the investments in the two highest full classifications established by Moody's Investors Service, Inc. (Aaa and Aa-1) and Standard & Poor's Corporation; (iv) commercial paper rated at the time of purchase in the single highest full classification by Moody's Investors Service, Inc. and Standard & Poor's Corporation and which matures not more than 270 days after the date of purchase; (v) investment agreements issued by entities rated in the single highest full

classification by Moody's Investors Service, Inc. and Standard & Poor's Corporation when such agreement was entered into; and (vi) repurchase agreements with any bank or trust company organized under the laws of any state of the United States of America or any national banking association (including the Trustee) or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is issued by an entity rated Baa-1 by Moody's Investors Service, Inc. and is secured by any one or more of the securities described in clauses (i), or (iii) above or by obligations of the Government National Mortgage Association; provided, underlying securities are required by the repurchase agreement to be continuously maintained at a market value satisfactory to Standard & Poor's Corporation but not less than the amount so invested and provided further that (i) the term of such repurchase agreements is one year or less, (ii) the Trustee or a third party acting solely as agent for the Trustee has possession of the collateral; (iii) the Trustee will liquidate the collateral immediately upon failure to maintain the requisite collateral levels; (iv) the collateral is free and clear of any third party lien and (v) the Trustee has a perfected first priority security interest in the collateral. In addition, with regard to funds held in the Bond Issuance Expense Account created under the Indenture, "Investment Securities" also means bankers' acceptances or certificates of deposit of commercial banks or savings and loan associations, including the Trustee, which mature not more than one year after the date of purchase to the extent such amounts or deposits are fully insured by the Federal Deposit Insurance Corporation.

"Issued Amount" means the initial value of the Capital Appreciation Bonds at their date of issuance.

"Lilly" means Eli Lilly and Company.

"Maturity Amount" means the value of the Capital Appreciation Bonds at their respective stated maturity dates.

"Paying Agent" means Bank One Trust Company, National Association (successor to INB National Bank), Indianapolis, Indiana, or any successor paying agent.

"Program" means the program for the purchase of Qualified Obligations by the Bond Bank pursuant to the Act and the Indenture.

"Program Expenses" means all of the Bond Bank's expenses in carrying out and administering the Program pursuant to the Indenture and shall include, without limiting the generality of the foregoing, salaries, supplies, utilities, mailing, labor, materials, office rent, maintenance, furnishings, equipment, machinery and apparatus, telephone, insurance premiums, credit enhancement fees, liquidity facility fees, legal, accounting, management, consulting and banking services and expenses, fees and expenses of the Trustee and the Registrar and Paying Agent, costs of verifications required under the Indenture, Costs of Issuance not paid from the proceeds of bonds, travel, payments for pension, retirement, health and hospitalization, life and disability insurance benefits, any other costs permitted under the Act, and rebates, if any, which in the opinion of bond counsel are required to be made under the Code in order to preserve or protect the exclusion from gross income for federal tax purposes of interest on the bonds, all to the extent properly allocable to the Program.

"PTRC Law" means the State statutes and regulations governing the payment of the property tax replacement credit by the State.

"Purchase Agreement" means the Redevelopment Bonds Purchase Agreement between the Bond Bank and the Redevelopment District authorizing the Bond Bank's purchase of the Redevelopment Bonds.

"Qualified Obligation" means a Security (as that term is defined in the Act), including the Redevelopment District.

"Qualified Obligation" means a Security (as that term is defined in the Act) which has been acquired by the Bond Bank pursuant to the Indenture, including the Redevelopment Bonds.

"Qualified Obligation Payment" means the amounts paid or required to be paid from time to time, for principal and interest by the Redevelopment District to the Bond Bank on the Redevelopment District's Qualified Obligation and any fees and charges paid by the Redevelopment District to the Bond Bank as required by the Bond Bank under the provisions of any agreement for the purchase and sale of securities.

"Rebate Fund" means the fund by that name created by the Indenture.

"Redevelopment District" means the City of Indianapolis Redevelopment District acting on behalf of the City of Indianapolis under the Redevelopment Statute, a Qualified Entity under the Act.

"Redevelopment Statute" means IC 5-1-14, IC 36-7-15.1, IC 36-7-25 and all related and supplemental statutes conferring powers or authority on the Commission as in effect on the date of the issuance of the Redevelopment Bonds.

"Redevelopment Trustee" means Bank One Trust Company, National Association (successor to INB National Bank), Indianapolis, Indiana or any successor trustee.

"Redevelopment Bonds" means the Tax Increment Revenue Bonds of 1991 (Harding Street Project) of the Redevelopment District.

"Redevelopment District" means the Redevelopment District of the City of Indianapolis, Indiana.

"Refunding Qualified Obligation" means any Qualified Obligation issued to refund any of the Redevelopment Bonds or another Refunding Qualified Obligation.

"Registrar" means Bank One Trust Company, National Association (successor to INB National Bank), Indianapolis, Indiana, or any successor registrar.

"Revenues" means the income, revenues and profits of the funds and accounts established under the indenture including, without limitation, all Qualified Obligation Payments, but excluding amounts required to be deposited and maintained in the Rebate Fund.

"Series 2001 C Bonds" means The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2001 C.

"State" means the State of Indiana.

"Tax Increment Revenues" means all real property tax proceeds in the Harding Street Redevelopment Project Area allocated and deposited in the Harding Street Allocation Fund pursuant to the provisions of IC 36-7-15.1-26(b)(1) and IC 36-7-15.1-26.5 as such statutes exist on the date of issuance of the Redevelopment Bonds.

"Taxpayer Agreement" means the Taxpayer Agreement between the Commission and Lilly.

"Taxpayer Payments" means the deficiency amount by which the portion of Annual Debt Service on the Redevelopment Bonds due on the next interest payment or interest compounding date on the Redevelopment Bonds exceeds the amount of Tax Increment Revenues collected in the Harding Street Redevelopment Project Area from the immediately preceding scheduled property tax distribution plus the amount on deposit in the Harding Street Project Bond and Interest Account immediately prior to that distribution.

"Trust Estate" means the Redevelopment Bond Payments and funds held by the Trustee under the Indenture (excluding the Rebate Fund).

"Trustee" means Bank One Trust Company, National Association (successor to INB National Bank) or any successor trustee.



## **Revenues, Funds And Accounts**

### **Creation of Funds and Accounts**

The Indenture establishes the following Funds and Accounts to be held by the Trustee:

1. General Fund - comprised of the following:
  - (a) General Account
  - (b) Redemption Account
  - (c) Bond Issuance Expense Account
2. Bond Bank Reserve Fund
3. Rebate Fund

### **Deposit of Net Proceeds of Bonds, Revenues and Other Receipts**

The Trustee will deposit the net proceeds from the sale of the Bonds, as follows:

- (a) Into the General Account any accrued interest;
- (b) Into the General Account an amount, if any, equal to the Program Expenses;
- (c) Into the Bond Issuance Expense Account an amount sufficient to pay the Costs of Issuance (other than the Underwriters' discount);
- (d) Into the Bond Bank Reserve Fund the amount which, together with other moneys to be deposited therein by the Redevelopment Trustee, will equal the Bond Bank Reserve Requirement; and
- (e) Into the General Account the remainder of the net proceeds of the Bonds.

The Trustee shall deposit into the Bond Bank Reserve Fund the amount necessary to meet the Bond Bank Reserve Requirement from moneys received from the proceeds of the Bonds.

The Trustee will deposit all Revenues and all other receipts (except the proceeds of any series of bonds and moneys received by the Bond Bank from the sale or redemption of Qualified Obligations) into the General Account or such other Funds or Accounts as provided in the Indenture or any supplemental indenture and will deposit any moneys received from the sale or redemption prior to maturity of Qualified Obligation into the Redemption Account. Moneys received to replenish the Bond Bank Reserve Fund will be deposited in the Bond Bank Reserve Fund.

## **Operation Of Funds And Accounts**

### **General Fund**

General Account. The Trustee will disburse the amounts held in the General Account for the following purposes, and, in the event of insufficient funds to make all of such required disbursements, in the following order of priority:

- (a) On the date of initial delivery of the Bonds and upon submission of duly authorized written requisitions of an Authorized Officer stating that all requirements for the purchase of Qualified Obligations under the Act and the Indenture have been met, to the Redevelopment District for the purchase of the Redevelopment Bonds.

(b) At or before 10:00 a.m., Indianapolis time, on the business day before any interest payment date, to the Paying Agent such amount as shall be necessary to pay the principal and interest coming due on the Bonds outstanding under the Indenture on such interest payment date.

(c) As soon as funds become available, to the Bond Bank Reserve Fund sufficient amounts to assure that the Bond Bank Reserve Requirement is met from time to time;

(d) As necessary and in accordance with the Indenture, such amounts, as may be necessary to pay the reasonable Program Expenses.

(e) Any amount necessary to comply with the rebate requirement of Section 148(f) of the Code, to the extent such amounts are not obtained as Fees and Charges.

(f) After making such deposits and disbursements, to the Bond Bank any amounts in excess of amounts needed to pay principal and interest on the outstanding bonds within the following twelve months after taking into account currently available moneys in the General Account plus those amounts which the Trustee reasonably expects to be received as Qualified Obligation Payments during such twelve-month period. However, the Bond Bank must supply the Trustee with a Cash Flow Certificate to the effect that, after such transfer, revenues expected to be received and moneys expected to be held in the Funds and Accounts will at least equal debt service on all outstanding Bonds.

Redemption Account. The Trustee will deposit in the Redemption Account all moneys received from the sale or redemption of Qualified Obligations by the Bond Bank and will disburse the funds in the Redemption Account as follows:

(a) On the fifteenth day of each month, to the General Account an amount equal to the principal which would have been payable during the following month if such Qualified Obligation had not been sold or redeemed.

(b) On the second business day prior to any interest payment date, to the General Account such amounts as are not already committed to the redemption of bonds for which notice of redemption has already been given and as may be necessary to pay the principal and interest coming due on the bonds on such interest payment date in the event and to the extent that moneys available in the General Account are not sufficient for such payments.

(c) After providing for the required transfers to the General Account, (i) to redeem bonds of such maturity or maturities as directed by an authorized officer of the Bond Bank, if such bonds are then subject to redemption, (ii) to purchase Qualified Obligations permitted by the Indenture, (iii) to the extent there are any excess moneys in the Redemption Account, to transfer to the General Account as provided in the Indenture, (iv) to purchase bonds of such maturity or maturities as directed by an Authorized Officer, regardless of whether such bonds are then subject to redemption at the most advantageous price obtainable with reasonable diligence, or (v) to invest such moneys until the maturity or maturities of the bonds as directed by an Authorized Officer in accordance with the Indenture. Such price may not, however, exceed the applicable redemption price for such bonds unless the Bond Bank provides the Trustee with a Cash Flow Certificate to the effect that a purchase of bonds at a price in excess of the applicable redemption price will not cause Revenues expected to be received subsequent to such purchase to be less than debt service on all outstanding bonds.

(d) If the Trustee is unable to purchase bonds in accordance with subparagraph (c), then, subject to restrictions on redemption set forth in the Indenture (see "The Series 2001 C Bonds - Optional Redemption") and except as provided in the next paragraph, the Trustee will call for redemption on the next redemption date such amount of bonds of such maturity or maturities directed by an Authorized Officer as will exhaust the Redemption Account as nearly as possible at the applicable redemption price. The Trustee will pay the interest accrued on any such redeemed bonds to the date of redemption from the General Account and will pay the redemption price from the Redemption Account.

The Trustee may, upon direction from the Bond Bank, transfer any moneys in the Redemption Account to the General Account if the Bond Bank provides the Trustee with a Cash Flow Certificate to the effect that after such transfer and after any transfer from the General Account to the Bond Bank. Revenues, together with moneys expected to be held in the Funds and Accounts, would at least equal debt service on all outstanding bonds under the Indenture.

If fewer than all of the bonds of a series shall be called for redemption, the principal amount, maturity and tenor (whether current interest bonds or capital appreciation bonds) of the particular bonds to be redeemed shall be selected by the Bond Bank, provided that the bonds shall be redeemed only in whole multiples of \$5,000 principal amount with regard to the current interest bonds and maturity amount with regard to the capital appreciation bonds. The Trustee shall select the particular bonds to be redeemed within a maturity (either by optional redemption or mandatory sinking fund redemption) by lot in such manner as the Registrar in its discretion may deem fair and appropriate. If any of the bonds are simultaneously subject to both optional and mandatory redemption, the Trustee shall first select by lot the bonds to be redeemed under the optional redemption provisions.

Bond Issuance Expense Account. The Trustee shall deposit in the Bond Issuance Expense Account the moneys required to be deposited by the Indenture, shall invest such funds pursuant to the Indenture and shall disburse the funds held in the Bond Issuance Expense Account upon receipt of acceptable invoices or requisitions, to pay the costs of issuance of the Bonds or to reimburse the Bond Bank for amounts previously advanced for such costs. The Trustee shall transfer remaining moneys to the General Account ninety days after the issuance of the Bonds.

#### Bond Bank Reserve Fund

The Trustee shall deposit in the Bond Bank Reserve Fund all moneys required to be deposited therein pursuant to the Indenture, shall invest such funds pursuant to the Indenture, and, except as provided below, shall disburse the funds held in the Bond Bank Reserve Fund solely for the payment of interest on and principal of bonds issued under the Indenture (including the Bonds), and only if moneys in the General Account are insufficient to pay principal of and interest on the bonds outstanding under the Indenture after making all the transfers thereto required to be made from the Redemption Account have been made. The Bond Bank may also deposit a debt service reserve surety bond into the Debt Service Reserve Fund to satisfy the Bond Bank Reserve Requirement. The Trustee may disburse moneys in the Bond Bank Reserve Fund to the Redevelopment Trustee to be used in accordance with the provisions of the Harding Street Project Resolution relating to the uses of moneys in the Harding Street Debt Service Reserve Account.

The Trustee shall disburse the funds held in the Bond Bank Reserve Fund to pay principal and interest on bonds of a series the proceeds of which are properly allocable to the Bond Bank Reserve Fund in accordance with the schedule of such disbursements contained in the Indenture or the supplemental indenture for such series of bonds. Before funds may be disbursed from the Bond Bank Reserve Fund other than pursuant to such schedule, an Authorized Officer shall certify that such disbursement will not create a deficiency in the Bond Bank Reserve Requirement.

If moneys in the Bond Bank Reserve Fund shall exceed the Bond Bank Reserve Requirement from time to time, such excess shall be transferred to the extent required by the Indenture, to the Rebate Fund. Any remaining excess attributable to investment earnings shall be transferred in accordance with the provisions of the Harding Street Project Resolution relating to excess investment earnings in the Harding Street Debt Service Reserve Account. Any remaining excess received pursuant to the Harding Street Project Resolution and attributable to funds which were deposited in the Bond Bank Reserve Fund pursuant to an appropriation by the Council may, at the direction of the Bond Bank, be repaid to the City. Any other moneys in excess of the Bond Bank Reserve Requirement will be transferred to the General Account. See "Security and Sources of Payment for the Series 2001 C Bonds."

If a deficiency in or depletion of the Bond Bank Reserve Fund is projected in the Bond Bank's annual budget, the Chairman of the Bond Bank shall certify such projected deficiency to the Council on or before December 1 of the year prior to the fiscal year, or within 90 days of such projection, in which the deficit is projected to occur, whichever is earlier.

The Bond Bank will take all actions required under the Act to certify to the Council any deficiency in or depletion of the Bond Bank Reserve Fund within 90 days of such deficiency, regardless of whether such deficiency or depletion was projected in the annual budget.

#### Rebate Fund

A Rebate Fund will be established to comply with the provisions of Section 148 of the Code concerning the rebate of certain arbitrage earnings to the United States. Deposits into the Rebate Fund and disbursements from the Rebate Fund will be made as provided by the Indenture and as required by federal tax law applicable to the Bonds. The Rebate Fund is not subject to the lien of the Indenture and does not constitute a Fund or Account for purposes of the Indenture.

So long as any of the Bonds are outstanding and the Bond Bank is subject to a rebate obligation under the Code, the Bond Bank covenants to establish and maintain the Rebate Fund and to comply with the instructions relating to its ongoing rebate responsibilities delivered on the date of initial delivery of the Bonds. Such instructions shall set forth procedures which may be amended from time to time.

#### Amounts Remaining in Funds

Any amounts remaining in any Fund or Account after full payment of all of the bonds outstanding under the Indenture and the fees, charges and expenses of the Trustee will be distributed to the Bond Bank.

#### Investment of Funds

Any moneys held as a part of any Fund or Account under the Indenture (except the Redemption Account) will be invested and reinvested at the direction of the Bond Bank at all times as fully as reasonably possible by the Trustee at the direction of the Bond Bank in Investment Securities and in accordance with the provisions of the Act and the terms and conditions of the Indenture. Any moneys in the Redemption Account shall be invested only in Government Obligations. Any moneys in the Rebate Fund shall be invested as directed by the Bond Bank. All such investments will be a part of the Fund or Account from which moneys were used to acquire such investments, and all income and profits on such investments will be deposited as received in the General Account of the General Fund, except for income and profits on investment of funds in the Rebate Fund which shall remain in the Rebate Fund and except for income and profits on investment of funds in the Bond Bank Reserve Fund which shall remain in the Bond Bank Reserve Fund until the balance in such Fund equals the Bond Bank Reserve Requirement from time to time. Any investment losses from an Investment Security will be charged to the Fund or Account (including the Rebate Fund) from which moneys were employed to invest in such Investment Security, and the Trustee will not be liable for any investment losses for so long as the Trustee complies with the provisions of the Indenture. Moneys in any fund or Account (including the Rebate Fund) will be invested in Investment Securities with maturity dates (or redemption dates determinable at the option of the Bond Bank) coinciding as nearly as practicable with the times at which moneys in such Funds or Accounts (including the Rebate Fund) will be required for transfer or disbursement under the Indenture. The Trustee will sell and reduce to cash sufficient amounts of such Investment Securities in a respective Fund or Account (including the Rebate Fund) as may be necessary to make up a deficiency in any amounts required to be disbursed from such Fund or Account.

Obligations purchased as investments of moneys in any Fund or Account, except the Bond Bank Reserve Fund, with a stated maturity of less than two years will be valued at cost, including paid accrued interest. All other such obligations will be valued at the lower of cost, including accrued interest paid, or market price, exclusive of earned accrued interest, except for securities covered by repurchase agreements which will be valued at the market value of the collateral securing such agreements. Investment Securities held in the Bond Bank Reserve Fund shall be valued at their amortized costs.

#### **Bond Bank Covenants**

The Bond Bank covenants and agrees that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the Indenture, in any and every bond executed, authenticated and delivered under the Indenture and in all of its related proceedings. The Bond Bank covenants

and represents that it is duly authorized under the constitution and laws of the State, including particularly the Act, to issue the Bonds, to execute the Indenture and to pledge the Revenues and all other property pledged under the Indenture in the manner and to the extent set forth in the Indenture; that all action on its part for the issuance of the Bonds and the execution and delivery of the Indenture has been duly and effectively taken, and that the Bonds in the hands of their owners are and will be valid and enforceable limited obligations of the Bond Bank according to the terms of the Bonds and the Indenture.

In order to provide for the payment of the principal of, premium, if any, and interest on bonds issued under the Indenture and Program Expenses, the Bond Bank will, as necessary from time to time in accordance with the Act, the Indenture and sound banking practices and principles, (i) undertake all necessary actions to receive and collect Revenues, including enforcement of the prompt collection of any arrears on Qualified Obligation Payments, and (ii) diligently enforce and undertake all actions and proceedings reasonably necessary to protect the rights of the Bond Bank with respect to or to maintain any insurance on Qualified Obligations and to enforce all terms, covenants and conditions of Qualified Obligations including the collection, custody and prompt application of all escrow payments required by the terms of a Qualified Obligation for designated purposes. Whenever necessary to provide for the payment of debt service on the bonds issued under the Indenture, the Bond Bank will also commence to pursue appropriate remedies with respect to any Qualified Obligation held by the Bond Bank which is in default.

With respect to the Qualified Obligations purchased by the Bond Bank, the Bond Bank covenants as follows:

(a) The Bond Bank will not permit or agree to any material change in any Qualified Obligation or resolution authorizing the issuance of any Qualified Obligation unless (i) the Bond Bank supplies the Trustee with a Cash Flow Certificate, to the effect that after such change, Revenues expected to be received and other available moneys in Funds and Accounts will at least equal projected, required debt service on all outstanding bonds and (ii) the Trustee determines that such changes will not adversely affect the interests of the bondholders.

(b) The Bond Bank will also enforce or authorize the enforcement of all remedies available to owners or holders of Qualified Obligations, unless (i) the Bond Bank provides the Trustee with a Cash Flow Certificate, to the effect that if such remedies are not enforced, revenues expected to be received and moneys expected to be held in the Funds and Accounts will at least equal debt service on all outstanding bonds and (ii) the Trustee determines that failure to enforce such remedies will not adversely affect the interests of the bondholders in any material way.

(c) The Bond Bank will not sell or otherwise dispose of any Qualified Obligations unless (i) the Bond Bank provides the Trustee with a Cash Flow Certificate, to the effect that after such sale, Revenues expected to be received and moneys expected to be held in the Funds and Accounts, minus any proceeds of such sale to be transferred from any Fund or Account, will at least equal debt service on all outstanding bonds and (ii) the Trustee determines that such sale or disposition will not adversely affect the interests of the bondholders or Lilly. Proceeds of such sales shall be invested only in Government Obligations or in Qualified Obligations or disbursed as provided in the Indenture.

#### **Cash Flow Certificates and Verification**

At any time that the provisions of the Indenture require that a Cash Flow Certificate be prepared, such certificate shall set forth:

(a) the Revenues expected to be received on all Qualified Obligations purchased with proceeds of the bonds issued under the Indenture;

(b) all other Revenues, including the interest to be earned and other income to be derived from the investment of the Funds and Accounts and the rate or yields used in estimating such amounts;

(c) all moneys expected to be in the Funds and Accounts;

(d) the amount, if any, expected to be withdrawn from the Bond Bank Reserve Fund but

only if the amount in the Bond Bank Reserve Fund immediately after such withdrawal is expected to be at least equal to the Bond Bank Reserve Requirement and such withdrawal is permitted by the Indenture.

(e) the principal and interest due on all Bonds expected to be outstanding during each fiscal year.

In making any Cash Flow Certificate, the accountant or firm of accountants may contemplate the payment or redemption of bonds for the payment or redemption of which amounts have been set aside in the Redemption Account. The issuance of bonds, the making of transfers from one Fund to another and the deposit of amounts in any Fund from any other source may be contemplated in a Cash Flow Certificate only to the extent that such issuance, deposit or transfer has occurred prior to or will occur substantially simultaneously with the delivery of such Cash Flow Certificate. The accountant or firm of accountants shall also supply supporting schedules appropriate to show the sources and applications of funds used, identifying particularly amounts to be transferred between Funds, amounts to be applied to the redemption or payment of bonds and amounts to be used to provide for Costs of Issuance, the debt service reserve and capitalized interest, if any, for the respective series. In the case of each annual Cash Flow Certificate, the amounts of existing Qualified Obligations, existing Investment Securities and existing cash shall be the amounts as of the last day of the preceding fiscal year. In the case of any other Cash Flow Certificate such amounts shall be the amounts as of the last day of the month preceding the month in which the Cash Flow Certificate is delivered but shall be adjusted to give effect to scheduled payments of principal and interest on Qualified Obligations, actual payments or proceeds with respect to Investment Securities and actual expenditures of cash expected by the Bond Bank through the end of the current month.

The Bond Bank or the Trustee from time to time may cause a firm of independent certified public accountants of national standing or other nationally recognized experts to supply the Bond Bank and the Trustee with such information as the Bond Bank or the Trustee may request in order to determine in a manner reasonably satisfactory to the Bond Bank and the Trustee all matters relating to (a) the sufficiency of projected cash flow receipts and disbursements with respect to the Funds and Accounts to pay the principal of and interest on the bonds issued under the Indenture and Program Expenses; (b) the actuarial yields on the outstanding bonds as the same may relate to any data or conclusions necessary to verify that the bonds are not arbitrage bonds within the meaning of Section 148 of the Code; (c) the yields on any obligations acquired and held by the Bond Bank of the Trustee; (d) the rebate calculation required by the Indenture; and (e) compliance with the tax covenants in the Indenture and the Harding Street Project Resolution.

### **Tax Covenants and Reliance on Opinions**

The Bond Bank covenants that it will not take any action or fail to take any action with respect to the Bonds issued under the Indenture, that would result in the loss of the exclusion from gross income for federal tax purposes of interest on the Bonds pursuant to Section 103 of the Code, nor will the Bond Bank act in any other manner which would adversely affect such exclusion. The Bond Bank further covenants that it will not make any investment or do any other act or thing during the period that the bonds are outstanding which would cause the Bonds to be arbitrage bonds within the meaning of Section 148 of the Code and that it will comply with Section 149(b) and Section 149(d) of the Code. The covenants of the Bond Bank as to the Bonds are based solely on current law in effect and in existence on the date of delivery of the particular series of Bonds.

It will not be an event of default under the Indenture if the interest on the Bonds is not excludable from gross income for federal tax purposes or otherwise pursuant to any provision of the Code, as amended and supplemented, which is not currently in effect and in existence on the date of the issuance of the Bonds.

In making any determination regarding the covenants, the Bond Bank may rely on an opinion of bond counsel of nationally recognized standing in the field of law relating to municipal bonds and matters relating to the exclusion of interest on municipal bonds from gross income under federal tax law.

The Bond Bank will rebate any necessary amounts to the United States of America to the extent required by the Code as provided in the Indenture.

Notwithstanding any provision of the Indenture to the contrary, the Bond Bank may elect to issue a series of bonds, the interest on which is not excludable from gross income for federal tax purposes, by making such election on the date of delivery of such series of bonds. In such case, the tax covenants shall not apply to such series of bonds.

### **Accounts and Reports**

The Bond Bank will keep, or cause to be kept, proper books, records and accounts in which complete and correct entries will be made of its transactions relating to the Program and the Funds and Accounts established by the Indenture and to the Rebate Fund. Such books and all other books and papers of the Bond Bank and all Funds and Accounts and the Rebate Fund will, at all reasonable times, be subject to the inspection of the Trustee and the owners of an aggregate of not less than 5% in principal amount of bonds then outstanding or their representatives duly authorized in writing.

Before the twentieth day of each month or as directed by the Bond Bank (but not less than quarterly), the Trustee will provide the Bond Bank with a statement of the amounts on deposit in each Fund and Account as of the last day of the preceding month and the total deposits to and withdrawals from each Fund and Account during the preceding month.

Within 120 days after the close of each fiscal year, the Bond Bank will file with the Trustee a copy of an annual report of the operations of the Bond Bank during such fiscal year and audited financial statements prepared in conformity with generally accepted accounting principles by an accounting firm appointed by the Bond Bank and approved by the Trustee, and as further specified in the Indenture.

The reports, statements and other documents required to be provided to the Trustee under the Indenture will be provided to any owner of 5% of the outstanding bonds who files a written request for such report with the Trustee upon receipt by the Trustee of payment of reasonable copying, mailing and handling charges.

### **Covenant to Monitor Investments**

The Bond Bank covenants and agrees to review regularly the investments held by the Trustee in the Funds and Accounts under the Indenture in order to assure that the Revenues derived from such investments are sufficient to pay, together with other anticipated Revenues, the debt service on all bonds outstanding under the Indenture.

Additional bonds may be issued under the Indenture only to purchase Refunding Qualified Obligations, or to refund, directly or indirectly, bonds issued under the Indenture.

The Indenture creates a continuing pledge and lien to secure the full and final payment of the principal of, redemption premium, if any, and interest on all bonds issued under the Indenture, and authorizes the issuance of one or more series of bonds under separate supplemental indentures. The Indenture establishes the requirements for each supplemental indenture and provides that no series of bonds will be issued under a supplemental indenture unless certain conditions are met, including the receipt by the Trustee and the Registrar of each of a Cash Flow Certificate to the effect that, immediately after the issuance of such bonds, Revenues will at least equal debt service on all bonds outstanding under the Indenture, including such bonds. Such certificate will not be required in the case of refunding bonds issued under the Indenture if the debt service in each fiscal year on all bonds outstanding after the issuance of such refunding bonds will be equal to or less than such debt service for each fiscal year on all bonds outstanding before the issuance of such refunding bonds.

### **Discharge of Indenture**

If payment or provision for payment is made to the Trustee of the principal of, and interest on, the bonds due and to become due under the Indenture, and if the Trustee receives all payments due and to become due under the Indenture, then the Indenture may be discharged in accordance with its provisions. In the event

of any early redemption of bonds in accordance with their terms, the Trustee must receive irrevocable instructions from the Bond Bank, satisfactory to the Trustee, to call such bonds for redemption at a specified date and pursuant to the Indenture. Outstanding bonds will continue to be limited obligations of the Bond Bank payable only out of the moneys or securities held by the Trustee for the payment of the principal of, redemption premium, if any, and interest on the bonds.

Any bond or series of bonds or portion thereof will be deemed to be paid when payment of the principal of that bond or series of bonds, plus interest to its due date, either (i) has been made in accordance with its terms or (ii) has been provided for by irrevocably depositing with the Trustee, in trust and exclusively for such payment, (A) moneys sufficient to make such payment, (B) Governmental Obligations maturing as to principal and interest in such amounts and at such times, without consideration of any reinvestment thereof, as will insure the availability of sufficient moneys to make such payment, or (C) a combination of such moneys and Governmental Obligations, and all necessary and proper fees and expenses of the Trustee pertaining to the bonds with respect to which such deposit is made have been paid or deposited with the Trustee.

### **Defaults and Remedies**

#### **Events of Default**

Any of the following events constitutes an "Event of Default" under the Indenture:

- (a) The Bond Bank defaults in the due and punctual payment of any interest on any bond;
- (b) The Bond Bank defaults in the due and punctual payment of the principal of any bond, whether at stated maturity or on any date fixed for mandatory sinking fund redemption;
- (c) The Bond Bank fails to make required remittances to the Trustee within the time limits prescribed in the indenture;
- (d) The Bond Bank defaults in carrying out any of its other covenants, agreements or conditions contained in the Indenture or in the bonds and fails to remedy such Event of Default within 60 days after receipt of notice, all in accordance with the Indenture;
- (e) Any warranty, representation or other statement by or on behalf of the Bond Bank contained in the Indenture or in any instrument furnished in compliance with or in reference to the Indenture is false or misleading in any material respect when made and there has been a failure to remedy such Event of Default within 60 days after receipt of notice, all in accordance with the Indenture;
- (f) A petition is filed against the Bond Bank, to the extent such petition may be filed under applicable law, under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and is not dismissed within 60 days after such filing;
- (g) The Bond Bank files a petition, to the extent such petition may be filed under applicable law, in voluntary bankruptcy or seeking relief under any provisions of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law;
- (h) The Bond Bank is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or liquidator or trustee of the Bond Bank or any of its property is appointed by court order or takes possession and such order remains in effect or such possession continues for more than 60 days;
- (i) The Bond Bank fails to restore the Bond Bank Reserve Fund to the Bond Bank Reserve Requirement within 60 days of the end of the fiscal year in which a deficiency occurs; or



(j) The Bond Bank is rendered incapable of fulfilling its obligations under the Indenture for any reason.

#### Trustee's Rights and Remedies

No default under subparagraphs (d) or (e) above will constitute an Event of Default until actual notice of the default by registered or certified mail has been given to the Bond Bank by the Trustee or by the owners of not less than 25% in aggregate principal amount of all bonds then outstanding and the Bond Bank has had 60 days after receipt of the notice to correct such default within the applicable period. If such default is correctable but cannot be corrected within the applicable period, it will not constitute an Event of Default if corrective action is instituted by the Bond Bank within the applicable period and diligently pursued until the default is corrected.

Upon the occurrence of an Event of Default, the Trustee will notify the owners of bonds of such Event of Default and will have the following rights and remedies:

(a) The Trustee may pursue any available remedy at law or in equity or by statute to enforce the payment of the principal of and interest on outstanding bonds, including enforcement of any rights of the Bond Bank or the Trustee under the Qualified Obligations;

(b) The Trustee may by action or suit in equity require the Bond Bank to account as if it were the trustee of an express trust for the owners of the bonds and may take such action with respect to the Qualified Obligations as the Trustee deems necessary or appropriate and in the best interest of the owners of bonds, subject to the terms of those Qualified Obligations;

(c) Upon the filing of a suit or other commencement of judicial proceedings to enforce any rights of the Trustee and of the owners of bonds under the Indenture, the Trustee will be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate and of the Revenues, issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer; and

(d) If the Trustee certifies that there are sufficient moneys on deposit in the Funds and Accounts to pay principal of and accrued interest on all bonds outstanding under the Indenture, the Trustee may declare the principal of and accrued interest on all bonds to be due and payable immediately in accordance with the provisions of the Indenture and the Act, by notice to the Bond Bank and its counsel.

If an Event of Default has occurred, if requested to do so in writing by the owners of 25% or more in aggregate principal amount of outstanding bonds and if indemnified as provided in the Indenture, the Trustee will be obligated to exercise such of the rights, remedies and powers conferred by the Indenture, as the Trustee, being advised by counsel, deems most expedient in the interests of the owners of bonds.

The owners of a majority in aggregate principal amount of outstanding bonds will have the right, at any time during the continuance of an Event of Default, by a written instrument or instruments executed and delivered to the Trustee, to direct the time method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or for the appointment of a receiver or any other proceedings under the Indenture. However, such direction may not be otherwise than in accordance with the provisions of law and of the Indenture.

#### Waivers of Events of Default

At its discretion, the Trustee may waive any Event of Default and its consequences, and must do so upon the written request of the owners of (i) more than 66 2/3% in aggregate principal amount of all the bonds then outstanding in respect of which an Event of Default in the payment of principal or interest exists or (ii) more than 50% in aggregate principal amount of all bonds then outstanding in the case of any other Event of Default. However, there may not be waived (A) any Event of Default in the payment of the principal of any

outstanding bond at the specified date of maturity or (B) any Event of Default in the payment when due of the interest on any outstanding bond unless, prior to the waiver, all arrears of interest or principal due, as the case may be, with interest on overdue principal at the rate borne by such bond, and all expenses of the Trustee in connection with the Event of Default have been paid or provided for. In case of any such waiver, or in case any proceeding taken by the Trustee on account of any such Event of Default has been discontinued or abandoned or determined adversely, then the Bond Bank, the Trustee and the owners of bonds will be restored to their former respective positions and rights under the Indenture. No waiver will extend to any subsequent or other Event of Default or impair any rights consequent thereon.

#### **Rights and Remedies of Owners of Bonds**

No owner of any bond will have any right to institute any proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy under the Indenture, unless (i) an Event of Default has occurred, (ii) the owners of not less than 25% in aggregate principal amount of bonds then outstanding have made written request to the Trustee and have offered the Trustee reasonable opportunity either to proceed to exercise the remedies granted in the Indenture or to institute such action, suit or proceeding in its own name, (iii) such owners of bonds have offered to indemnify the Trustee, as provided in the Indenture, and (iv) the Trustee has refused, or for 60 days after receipt of such request and offer of indemnification has failed, to exercise the remedies granted in the Indenture or to institute such action, suit or proceeding in its own name. All proceedings at law or in equity must be carried out as provided in the Indenture and for the equal and ratable benefit of the owners of all outstanding bonds. However, nothing contained in the Indenture will affect or impair the right of any owner of bonds to enforce the payment of the principal of and interest on any bond at and after its maturity, or the limited obligation of the Bond Bank to pay the principal of and interest on each of the bonds to the respective owners of the bonds at the time and place, from the source and in the manner expressed in the bonds.

#### **Nonpresentment of Bonds**

If any bond issued under the Indenture is not presented for payment when the principal becomes due, either at maturity, or at the date fixed for redemption, or as set forth in any supplemental indenture regarding deemed tenders or redemptions or otherwise, if funds sufficient to pay such bond have been made available to the Trustee or Paying Agent for the benefit of the owner of such bond, all liability of the Bond Bank to the owner for the payment of such bond shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds for four years, for the benefit of the owner of such bond, without liability for interest thereon to such owner, who shall thereafter be restricted exclusively to such funds, for any claim of whatever nature on his part under the Indenture or on, or with respect to, such bond.

Any money so deposited with and held by the Trustee not so applied to the payment of bonds within four years after the date on which the same shall become due shall be repaid by the Trustee or Paying Agent to the Bond Bank and thereafter the bondholders shall be entitled to look only to the Bond Bank for payment, and then only to the extent of the amount so repaid, and the Bond Bank shall not be liable for any interest thereon to the bondholders and shall not be regarded as a trustee of such money.

#### **Other Obligations Payable from Revenues**

The Bond Bank shall grant no liens or encumbrances on or security interests in the Trust Estate (other than those created by the Indenture), and, except for bonds issued under the Indenture, shall issue no bonds or other evidences of indebtedness payable in whole or in part from the Trust Estate.

### **Limitation on Obligation of Bond Bank**

The bonds issued under the Indenture (including the Bonds), together with interest thereon, shall be limited obligations of the Bond Bank payable solely from the Trust Estate and shall be a valid claim of the respective owners thereof only against the Trust Estate which is assigned and pledged for the equal and ratable payment of such bonds and shall be used for no other purpose than the payment of the bonds issued under the Indenture (including the Bonds), except as may be otherwise expressly authorized in the Indenture. The bonds issued under the Indenture (including the Bonds) do not constitute a debt, obligation or liability of the State, any political subdivision thereof, the City, the Redevelopment District or any qualified entity (as defined in the Act) under the constitution of the State or a pledge of the faith and credit of the City, the State, any political subdivision thereof, the Redevelopment District, or any qualified entity but shall be payable solely from the Trust Estate pledged therefor in accordance with the Indenture. The issuance of the bonds issued under the Indenture (including the Bonds) under the provisions of the Act does not directly, indirectly or contingently, obligate the City, the State, any political subdivision thereof, the Redevelopment District or any qualified entity to levy any form of taxation for the payment thereof or to make any appropriation for their payment and such bonds and the interest payable thereon do not now and shall never constitute a debt of the City, the State, any political subdivision thereof, the Redevelopment District or any qualified entity within the meaning of the constitution of the State or the statutes of the State and such bonds do not now and shall never constitute a charge against the credit or taxing power of the City, the State or any political subdivision thereof, the Redevelopment District or any qualified entity. Neither the City, the State, the Redevelopment District or any qualified entity nor any agent, attorney, member, officer, director or employee of the City, the State, the Redevelopment District or any qualified entity or of the Bond Bank, shall in any event be liable for the payment of the principal of, and damages, if any, or interest on the bonds issued under the Indenture (including the Bonds) or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the Bond Bank. No breach by the Bond Bank of any such pledge, mortgage, obligation or agreement may impose any liability, pecuniary or otherwise, upon the City, the State, the Redevelopment District or any qualified entity or any of the City's, the State's, the Redevelopment District's, any qualified entity's or the Bond Bank's agents, members, attorneys, officers, directors and employees or any charge upon the general credit of the City, the State, nor any Redevelopment District or any qualified entity or a charge against the taxing power of the City, the State, any political subdivision thereof, the Redevelopment District or any qualified entity. The Bonds are not obligations of Lilly.

### **Immunity of Officers and Directors**

No recourse shall be had for the payment of the bonds issued under the Indenture (including the Bonds) or for any claim based thereon or upon any obligation, covenant or agreement in the Indenture contained against any past, present or future officer, member, director, agent or employee of the Bond Bank, the City, the Redevelopment District or any qualified entity or any officer, member, director, trustee, agent or employee of any successor entities thereto, as such, either directly or through the Bond Bank, the City, the Redevelopment District or any qualified entity or any successor entities, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, members, directors, trustees, agents, or employees as such, is hereby expressly waived and released as a condition of and consideration for the execution of the Indenture and issuance of such bonds.

### **Supplemental Indentures**

The Bond Bank and the Trustee may, without the consent of, or notice to, any of the owners of bonds, enter into any indenture or indentures supplemental to the Indenture for any one of more of the following purposes:

- (a) To cure any ambiguity, formal defect or omission in the Indenture;
- (b) To grant to or confer upon the Trustee for the benefit of the owners of bonds any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the owners of bonds or the Trustee;
- (c) make any modification or amendment of the Indenture which the Trustee, in its sole

discretion, determines will not have a material adverse effect on the interests of the bondholders; provided, however, that the Bond Bank and the Trustee will make no amendment which would permit the purchase of obligations of other than Refunding Qualified Obligations of the Redevelopment District;

(d) To subject to the Indenture additional Revenues, security, properties or collateral;

(e) To modify, amend or supplement the Indenture or any supplemental indenture in order to permit qualification under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if the Bond Bank and the Trustee so determine, to add to the Indenture or to any supplemental indenture such other terms, conditions and provisions as may be permitted by the Trust Indenture Act of 1939 or similar federal statute;

(f) To evidence the appointment of a separate or co-trustee or the succession of a new Trustee under the Indenture or the succession of a new Registrar or Paying Agent;

(g) To provide for the refunding of all or a portion of the Bonds; and

(h) To amend the Indenture to permit the Bond Bank to comply with any covenants contained in any supplemental indenture with respect to compliance with future federal tax law.

With the exception of supplemental indentures for the purposes set forth in the preceding paragraph and subject to the terms of the Indenture, the owners of not less than a majority of the principal amount of the bonds then outstanding which are affected (other than bonds held by the Bond Bank) have the right, from time to time, to consent to and approve the execution by the Bond Bank and the Trustee of any supplemental indenture or indentures deemed necessary and desirable by the Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture. However, no supplemental indenture may permit or be construed as permitting, without the consent of the owners of all then outstanding bonds, (i) an extension of the maturity of the principal of or the interest on, or a change in the optional redemption dates of, any bonds, or (ii) a reduction in the principal amount of any bond or a change in the redemption premium or the rate of interest on any bond, or (iii) a privilege or priority of any bond or bonds over any other bond or bonds, or (iv) a reduction in the aggregate principal amount of the bonds required for consent to such supplemental indenture, or (v) the creation of any lien securing any bonds, other than a lien ratably securing all of the bonds at any time outstanding, or (vi) a reduction in the Bond Bank Reserve Requirement, or (vii) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee without the written consent of the Trustee; or (viii) a change in the method of accrual of interest on any Bonds.

### **Trustee**

By executing the Indenture, the Trustee accepts the trusts and duties imposed upon it by the Indenture, and agrees to perform such trusts and duties with the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs, but only upon and subject to the express terms and conditions of the Indenture.

The Trustee covenants and agrees to retain or cause its agent to retain possession of each Qualified Obligation, including the Redevelopment Bonds, and a copy of the transcript or documents related thereto and release them only in accordance with the provisions of the Indenture. The Bond Bank and the Trustee covenant and agree that all books and documents in their possession relating to the Qualified Obligations shall at all times be open to inspection by such accountants or other agencies or persons as the Bond Bank or the Trustee may from time to time designate.

The Trustee and any successor Trustee may at any time resign from the trusts created by the Indenture by giving 30 days' written notice by registered or certified mail to the Bond Bank and the owner of each bond issued under the Indenture, and such resignation shall take effect upon the appointment of a successor Trustee in

accordance with the Indenture and acceptance of such appointment by the successor Trustee. Upon resignation of the Trustee, the Bond Bank shall, as soon as practicable, appoint a successor Trustee. If the Bond Bank fails to appoint a successor Trustee within 60 days of receipt of notice of the Trustee's resignation, the Trustee may petition the appropriate court to appoint a successor Trustee.

The Trustee may be removed at any time with or without cause by an instrument or concurrent instruments in writing delivered to the Trustee and to the Bond Bank and signed by the owners of a majority in aggregate principal amount of all bonds then outstanding under the Indenture or their attorneys-in-fact duly authorized. Notice of the removal of the Trustee shall be given as provided above. So long as no event of default, or an event which with the passage of time would become an event of default, shall have occurred and be continuing, the Trustee may be removed at any time by resolution of the Bond Bank filed with the Trustee.

If the Trustee shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting under the Indenture, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the owners of a majority in aggregate principal amount of all bonds then outstanding under the Indenture by an instrument or concurrent instruments in writing signed by such owners, or by their attorneys-in-fact duly authorized, a copy of which shall be delivered personally or sent by registered mail to the Bond Bank. Nevertheless, in case of such vacancy the Bond Bank by resolution may appoint a temporary Trustee to fill such vacancy. Within ninety days after such appointment, the bondholders may appoint a successor Trustee; and any such temporary Trustee so appointed by the Bond Bank shall become the successor Trustee if no appointment is made by the bondholders within such period but in the event an appointment is made by the bondholders, shall immediately and without further act be superseded by any Trustee so appointed by such bondholders. Notice of the appointment of a temporary or successor Trustee shall be given in the same manner provided above with respect to the resignation of a Trustee. Every such Trustee so appointed shall be a trust company or bank having a reported capital and surplus of not less than \$100,000,000, if there is such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

## **SUMMARY OF CERTAIN PROVISIONS OF THE HARDING STREET PROJECT RESOLUTION**

The following is a summary of certain additional provisions of the Harding Street Project Resolution not otherwise discussed in this Official Statement. This summary is qualified in its entirety by reference to the Harding Street Project Resolution. Capitalized terms not defined in this Official Statement shall have the meanings set forth in the Harding Street Project Resolution.

### **Redevelopment District Pledge**

In order to secure the payment of the principal of and interest on the Redevelopment Bonds according to their tenor and effect and to secure the performance and observance by the Commission acting in the name of the City of all covenants expressed or implied in the Harding Street Project Resolution and in the Redevelopment Bonds, the Commission will pledge the Harding Street Trust Estate to the Redevelopment Trustee for the benefit of the owners of the Redevelopment Bonds to secure the performance of the obligations of the Commission set forth in the Harding Street Project Resolution. This pledge will be effective as set forth in the Redevelopment Statute, without the recording of the Harding Street Project Resolution or any other instruments. The Harding Street Trust Estate includes:

- (a) All cash and securities now or hereafter held in the Harding Street Construction Fund and the Harding Street Revenue Fund, including the investment earnings thereon and all proceeds thereof (except to the extent transferred or disbursed from such funds and accounts from time to time in accordance with the Harding Street Project Resolution);
- (b) The Tax Increment Revenues required to be deposited for the benefit of the Redevelopment Bonds under the Harding Street Project Resolution;
- (c) Any Taxpayer Payments required to be deposited with the Redevelopment Trustee under the Taxpayer Agreement; and
- (d) Any moneys hereinafter pledged to the Redevelopment Trustee as security to the extent of that pledge.

If the Commission pays or causes to be paid, or there is otherwise paid or made provision for payment of, principal of and interest on the Redevelopment Bonds, due or to become due thereon, at the times and in the manner mentioned in the Redevelopment Bonds and pays or causes to be paid or there is otherwise paid or made provision for payment to the owners of the outstanding Redevelopment Bonds of all sums of money due or to become due according to the provisions of the Harding Street Project Resolution and otherwise complies with the Harding Street Project Resolution, then the Harding Street Project Resolution and the rights granted by it will cease, terminate and be void; otherwise the Harding Street Project Resolution will be and remain in full force and effect.

### **Issuance Of Junior Bonds**

The Commission, acting in the name of the City, may not issue any obligations on a parity with the Redevelopment Bonds but may issue bonds or enter into leases which are junior and subordinate to the Redevelopment Bonds. The terms and conditions of such junior bonds or leases will be set forth in a resolution adopted by the Commission. Principal of any junior bonds shall be payable on February 1, and interest on any junior bonds, or lease rentals on any junior leases, must be payable on February 1 and August 1 out of Tax Increment Revenues.

### **Tax Covenants**

In order to preserve the exclusion from gross income of interest on the Redevelopment Bonds under the Code and as an inducement to the Bond Bank and the purchasers of the Bonds, the Commission represents, covenants and agrees that:

1. No person or entity, other than the City, the Redevelopment District, the Commission or another state or local governmental unit, will use the proceeds of the Redevelopment Bonds or property financed by bond proceeds other than as a member of the general public. The Harding Street Project consists of public streets and sewer improvements which will be used by the general public. The streets are designed to serve as major thoroughfares for the City and enhance access to the southwest quadrant of the City. The sanitary sewer improvements will serve the entire area, will replace old and failing sewer lines and will provide increased capacity to all users in and around the Harding Street Redevelopment Project Area. No person or entity, other than the City, the Redevelopment District, the Commission or another state or local governmental unit, will own property financed by Redevelopment Bond proceeds or will have actual or beneficial use of such property pursuant to a lease, a management or incentive payment contract, an arrangement such as take-or-pay or output contract or any other type of arrangement that differentiates that person's or entity's use of such property from the use by the public at large.

2. No Redevelopment Bond proceeds will be loaned to any entity or person. No Redevelopment Bond proceeds will be transferred, directly or indirectly, or deemed transferred to any person or entity other than another state or local governmental unit in any manner that would in substance constitute a loan of the Redevelopment Bond proceeds.

3. Neither the City, the Redevelopment District nor the Commission will take any action or fail to take any action with respect to the Redevelopment Bonds that would result in the loss of the exclusion from gross income for federal tax purposes of interest on the Redevelopment Bonds under Section 103 of the Code, nor will it act in any other manner which would adversely affect such exclusion; and it will not make any investment or do any other act or thing during the period that the Redevelopment Bonds are outstanding which would cause any of the Redevelopment Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

4. It will comply with the rebate requirements of Section 148(f) of the Code to the extent required by the Code.

5. The Redevelopment Bonds are not private activity bonds as defined in Section 141 of the Code.

6. The Redevelopment Bonds are not federally guaranteed under Section 149(b) of the Code.

7. These covenants are based solely on current law in effect and in existence on the date of issuance of the Redevelopment Bonds. It is not an event of default under the Harding Street Project Resolution if interest on any Bonds is not excludable from gross income pursuant to any provision of the Code which is not in existence and in effect on the issue date of such Redevelopment Bonds.

8. All officers, members, employees and agents of the City, the Redevelopment District and the Commission are authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the City, the Redevelopment District and the Commission as of the date the Bonds are issued, and to enter into covenants on behalf of the City, the Redevelopment District and the Commission evidencing the City's, the Redevelopment District's and the Commission's commitments made in the Harding Street Project Resolution. In particular, all or any members or officers of the Commission or officers of the Redevelopment District or the City are authorized to certify and enter into covenants for the City, the Redevelopment District and the Commission regarding the facts and circumstances and reasonable expectations of the City, the Redevelopment District and the Commission on the date the Redevelopment Bonds are issued and the commitments made by the City, the Commission or the Redevelopment District regarding the amount and use of the proceeds of the Redevelopment Bonds.

Notwithstanding any other provisions of the Harding Street Project Resolution, the covenants and authorizations contained in the Harding Street Project Resolution ("Tax Sections") which are designed to preserve the exclusion of interest on the Redevelopment Bonds from gross income for federal tax purposes ("Tax Exemption") need not be complied with if the Commission receives an opinion of nationally recognized bond counsel satisfactory to the Redevelopment Trustee that any Tax Section is unnecessary to preserve the Tax Exemption.

### **Contractual Nature Of The Harding Street Project Resolution**

The provisions of the Harding Street Project Resolution constitute a contract by and between the Commission acting in the name of the City and the owners of the Redevelopment Bonds. After the issuance of the Redevelopment Bonds, the Harding Street Project Resolution or the definition of, the manner of determining, allocating, collecting or distributing the Tax Increment Revenues, the pledge of the Harding Street Trust Estate or the lien created by the Harding Street Project Resolution and the Taxpayer Agreement will not be repealed or amended (except as specifically provided in the Harding Street Project Resolution) or impaired in any respect which will materially adversely affect the rights of owners of the Redevelopment Bonds, nor shall the Commission adopt any law, resolution, order or ordinance which in any way materially adversely affects the rights of such owners so long as any of the Redevelopment Bonds are outstanding.

The Commission covenants not to impair the pledge of the Harding Street Trust Estate to the payment of the Redevelopment Bonds, so long as any Redevelopment Bonds are outstanding, or to impair any other pledge or covenant under the Harding Street Project Resolution during that period.

The Commission further covenants not to change, alter or diminish the Harding Street Redevelopment Project Area in any way that would materially adversely affect the owners of the Redevelopment Bonds so long as any Redevelopment Bonds remain outstanding.

The Commission further covenants that property tax abatements on property in the Harding Street Redevelopment Project Area will not exceed abatements used in the Harding Street Feasibility Study.

### **Defeasance Of Bonds**

If the Redevelopment Bonds or a portion thereof shall have become due and payable in accordance with their terms, and the whole amount of the principal and interest so due and payable upon all of the Redevelopment Bonds or a portion thereof then outstanding shall be paid or (i) sufficient moneys, or (ii) direct obligations of the United States of America, the principal of and the interest on which when due will provide sufficient moneys for such purpose, or (iii) obligations of any state of the United States of America or any political subdivision thereof, the full payment of principal of, and interest on which (a) are unconditionally guaranteed or insured by the United States of America, or (b) are provided for by an irrevocable deposit of securities described in clause (ii) and are not subject to call or redemption by the issuer thereof prior to maturity or for which irrevocable instructions to redeem have been given, shall be held in trust for such purpose, and provision shall also have been made for paying all fees and expenses in connection with the redemption, then and in that case the Redevelopment Bonds or portion thereof shall no longer be deemed outstanding or an indebtedness of the Commission acting in the name of the City. If none of the Redevelopment Bonds is outstanding, any fund (including Tax Increment Revenues) remaining in the Harding Street Trust Estate will be used first to pay any rebate amount owed under Section 148(f) of the Code, second to pay any amounts owed on any junior bonds payable from Tax Increment Revenues and third as provided in IC 36-7-15.1-26 or any successor provision.

No such deposit shall be deemed a payment of such Redevelopment Bonds unless the Redevelopment Trustee shall have received (i) an opinion of nationally recognized bond counsel to the effect that such deposit would not cause any of the Redevelopment Bonds to be treated as arbitrage bonds within the meaning of the Code or any successor provision, and (ii) a verification from an independent nationally recognized certified public accountant or firm of independent nationally recognized certified public accountants appointed by the Controller and acceptable to the Redevelopment Trustee verifying the sufficiency of the deposit to pay the principal of and interest on the Redevelopment Bonds to the due date.

### **Amending Supplemental Resolutions**

The Commission may, with seven days' notice to Lilly but without the consent of, or notice to, any of the owners of the Redevelopment Bonds, adopt a supplemental resolution for any one or more of the following purposes:



- (a) To cure any ambiguity or formal defect or omission in the Harding Street Project Resolution;
- (b) To grant to or confer upon the owners of the Redevelopment Bonds any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the owners of the Redevelopment Bonds;
- (c) To modify, amend or supplement the Harding Street Project Resolution to permit the qualification of the Redevelopment Bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America or the qualification of the Harding Street Project Resolution under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect if such modification, amendment or supplement will not have a material adverse effect on the owners of the Redevelopment Bonds;
- (d) To provide for the refunding or advance refunding of all or a portion of the Redevelopment Bonds;
- (e) To provide for the issuance of obligations payable from Tax Increment Revenues which are subordinate to the Redevelopment Bonds by the Commission, acting in the name of the City;
- (f) To subject to the Harding Street Project Resolution additional revenues, security, properties or collateral;
- (g) To evidence the appointment of a separate or co-trustee or the succession of a new Redevelopment Trustee or the succession of a new registrar or paying agent;
- (h) To amend the Harding Street Project Resolution for any other purpose which in the judgment of the Commission and the Redevelopment Trustee does not adversely affect the interests of Lilly or the owners of the Redevelopment Bonds in any material way; and
- (i) To amend the Harding Street Project Resolution to permit the Commission acting in the name of the City to comply with any future federal tax law or any covenants contained in any supplemental resolution with respect to compliance with future federal tax law.

Supplemental resolutions adopted under subsection (a) may be adopted only after obtaining the prior written consent of Lilly, which consent shall not be unreasonably withheld. Supplemental resolutions adopted under subsection (g) also require the prior written consent of Lilly if a successor Redevelopment Trustee that does not meet the minimum reported capital and surplus requirements established under the Harding Street Project Resolution is appointed. If a prior written consent to a supplemental resolution under subsection (g) is required, such consent shall not be unreasonably withheld. Lilly will have the right to consent under subsection (a) or (g) only if it is not in default under the Taxpayer Agreement. Lilly will be deemed to have consented, however, unless Lilly objects in writing to any such supplemental resolution within three business days (as defined in the Harding Street Project Resolution, but not including any day between December 25 and January 1) of delivery of the request for consent to Lilly. Any objections by Lilly must be delivered in writing to the Redevelopment Trustee, the Bond Bank, the Commission and the Controller of the City. For purposes of this provision, "delivery" means actual receipt. Any refunding or subordinate obligations issued pursuant to a supplemental resolution under subsections (d) or (e), respectively, are not entitled to the security provided by the Taxpayer Agreement.

Upon the prior written consent of Lilly (if Lilly is not in default under the Taxpayer Agreement), which consent shall not be unreasonably withheld, the owners of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds issued under the Harding Street Project Resolution then outstanding who are, in the sole judgment of the Redevelopment Trustee, affected shall have the right, from time to time, anything contained in the Harding Street Project Resolution to the contrary notwithstanding, to consent to and approve the adoption by the Commission of such supplemental resolutions as shall be deemed necessary and desirable by the Commission for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Harding Street Project Resolution or in any supplemental

resolution other than those provisions covered above. Nothing contained in this provision will permit, or be construed as permitting, without the consent of the owners of all the then outstanding Redevelopment Bonds and Lilly, any of the following: (a) an extension of the maturity or mandatory sinking fund redemption schedule of the principal of and interest on any bonds payable from the Harding Street Trust Estate, (b) a reduction in the principal amount of any Redevelopment Bond or change in the rate of interest, (c) a privilege or priority of any Redevelopment Bond or Redevelopment Bonds over any other Redevelopment Bond or Redevelopment Bonds, (d) a reduction in the aggregate principal amount of the Redevelopment Bonds required for consent to such supplemental resolution, (e) the creation of any lien securing any Redevelopment Bonds other than a lien ratably securing all of the Redevelopment Bonds at any time outstanding, (f) a reduction in the Harding Street Debt Service Reserve Requirement, (g) a change in the method of accrual of interest on any Redevelopment Bonds, or (h) a change in the provisions regarding the collection, deposit, and allocation of the Tax Increment Revenues as set forth in IC 36-7-15.1-26 and in the Harding Street Project Resolution or in the lien on the Harding Street Trust Estate for any Redevelopment Bonds.

If at any time the Commission desires to adopt a supplemental resolution for any of the purposes set forth above, the Commission must cause notice of the proposed adoption of such supplemental resolution to be mailed by registered or certified mail to each owner of a Redevelopment Bond at the address shown on the registration books maintained by the registrar and to Lilly. Such notice shall briefly set forth the nature of the proposed supplemental resolution and shall state that copies thereof are on file at its office for inspection by all owners of Redevelopment Bonds and Lilly. If, within 60 days, or such longer period as shall be prescribed by the City, following the mailing of such notice, the owners of not less than fifty-one percent (51%) in aggregate principal amount of the Redevelopment Bonds outstanding at the time of the execution of any such supplemental resolution shall have consented to and approved the execution of such supplemental resolution, no owner of any Redevelopment Bonds shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Commission from adopting the same or from taking any action pursuant to the provisions thereof. Lilly shall be deemed to have consented to such supplemental resolution, however, unless Lilly objects in writing within 60 days following the mailing of the notice to Lilly. Upon the adoption of any such supplemental resolution, the Harding Street Project Resolution will be and be deemed to be modified and amended in accordance therewith.

Any consent request, direction, approval, objection or other instrument required by the Harding Street Project Resolution to be signed and executed by the owners of the Redevelopment Bonds may be in any number of concurrent writings of similar tenor and may be signed or executed by such owners of the Redevelopment Bonds in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and of the ownership of the Redevelopment Bonds, if made in the following manner, shall be sufficient for any of the purposes of the Harding Street Project Resolution, and shall be conclusive in favor of the City with regard to any action taken by it or them under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such writing may be proved (i) by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or (ii) by an affidavit of any witness to such execution.

(b) The fact of ownership of Redevelopment Bonds and the amount or amounts, numbers and other identification of Redevelopment Bonds, and the date of holding them will be proved by the registration books maintained by the registrar.

### **Events Of Default**

Any of the following events is considered to be and to constitute an event of default by the Commission, acting in the name of the City:

2. Default in the due and punctual payment of any interest on any Redevelopment Bonds; or
3. Default in the due and punctual payment of the principal or compounded amount of any

Redevelopment Bonds at their stated maturity or at the date required for mandatory redemption.

It shall not be an event of default if Lilly is subrogated to the rights of any owner of the Redevelopment Bonds under the Harding Street Project Resolution and does not receive due and punctual payment of past due principal of, interest on (including past due interest) or the Compounded Amount thereof.

The owners of a majority in aggregate principal amount of the outstanding Redevelopment Bonds and Lilly (if Lilly is not in default under the Taxpayer Agreement) shall have the right, at any time during the continuance of an event of default, by an instrument or instruments in writing executed and delivered to the Redevelopment Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Harding Street Project Resolution, or for the appointment of a receiver or any other proceedings; provided that such direction shall not be otherwise than in accordance with the provisions of law.

All moneys received pursuant to any right or remedy given or action taken upon occurrence of an event of default shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Redevelopment Trustee, be deposited in the Harding Street Revenue Fund and all such moneys shall be applied to the Redevelopment Bonds as follows:

FIRST, to the payment to the persons entitled thereto of all installments of interest then due on the Redevelopment Bonds, including interest on any past due principal of any Redevelopment Bond at the rate borne by such Redevelopment Bond, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to such payment ratably, according to the amounts due on such installments, to the persons entitled thereto without any discrimination or privilege;

SECOND, to the payment to the persons entitled thereto of the unpaid principal of any of the Redevelopment Bonds which shall have become due at maturity, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full the principal of Redevelopment Bonds due on any particular date, together with such interest, then to such payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege; and

THIRD, to be held for the payment to the persons entitled thereto as the same shall become due of the principal of and interest on the Redevelopment Bonds which may thereafter become due at maturity and, if the amount available shall not be sufficient to pay in full the principal of and interest on bonds due on any particular date, such payment shall be made ratably according to the amount of principal and interest due on such date to the persons entitled thereto without any discrimination or privilege.

The Redevelopment Trustee shall not waive (x) any event of default in the payment of the principal of any outstanding Redevelopment Bonds at the date of maturity specified therein or (y) any event of default in the payment when due of the interest on any outstanding Redevelopment Bond unless prior to such waiver all arrears of interest or all arrears of payments of principal when due, as the case may be, with interest on overdue principal at the rate borne by such Redevelopment Bonds, and all expenses of the Redevelopment Trustee in connection with such event of default shall have been paid or provided for. In case of any such waiver, or if any proceeding taken by the Redevelopment Trustee on account of any such event of default shall have been discontinued or abandoned or determined adversely, then and in every such case the City, the Commission, the Redevelopment District, the Redevelopment Trustee and the owners shall be restored to their former positions and rights, respectively, but no such waiver shall extend to any subsequent or other event of default, or impair any rights consequent thereon.

#### **Resignation or Removal of Redevelopment Trustee**

The Redevelopment Trustee may at any time resign from the trusts hereby created by giving 30 days' written notice by registered or certified mail to the Controller, the Commission, Lilly and the owners of the Redevelopment Bonds, and such resignation shall take effect upon the appointment of a successor

Redevelopment Trustee as described below and acceptance of such appointment by the successor Redevelopment Trustee. If the Commission fails to appoint a successor Redevelopment Trustee within 60 days of receipt of notice of the Redevelopment Trustee's resignation, the Redevelopment Trustee may petition a court of competent jurisdiction to appoint a successor Redevelopment Trustee.

The Redevelopment Trustee may be removed at any time with or without cause by an instrument or concurrent instruments in writing delivered to the Redevelopment Trustee and to the Controller and the Commission and signed by the owners of a majority of the aggregate principal amount of the outstanding Redevelopment Bonds or their attorneys-in-fact duly authorized. Notice of the removal of the Redevelopment Trustee shall be given in the same manner as provided in above with respect to the resignation of the Redevelopment Trustee and such removal shall take effect upon the appointment of a successor Redevelopment Trustee. The Commission shall appoint a successor Redevelopment Trustee immediately upon the removal of the Redevelopment Trustee. So long as no event of default, or an event which with the passage of time would become an event of default, has occurred and is continuing, the Redevelopment Trustee may be removed at any time, upon appointment of a successor Redevelopment Trustee by order of the Commission filed with the Redevelopment Trustee.

If the Redevelopment Trustee resigns or is removed, or is dissolved, or is in course of dissolution or liquidation, or otherwise becomes incapable of acting under the Harding Street Project Resolution, or if it is taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the owners of a majority of the aggregate principal amount of all Redevelopment Bonds then outstanding by an instrument or concurrent instruments in writing signed by the owners or by their attorneys-in-fact duly authorized, a copy of which shall be delivered personally or sent by registered or certified mail to the Controller and the Commission. Nevertheless, in case of such vacancy the Commission by order may appoint a temporary Redevelopment Trustee to fill such vacancy. Within ninety (90) days after such appointment, the owners may appoint a temporary Redevelopment Trustee and any such temporary Redevelopment Trustee appointed by the Commission will become the successor Redevelopment Trustee if no appointment is made by the owners within such period. If an appointment is made by the owners, the temporary Redevelopment Trustee will immediately and without further act be superseded by any Redevelopment Trustee so appointed by such owners. Notice of the appointment of a temporary or successor Trustee shall be given in the same manner as provided above with respect to the resignation of a Redevelopment Trustee. Every such Redevelopment Trustee so appointed must be a trust company or bank having a reported capital and surplus of not less than \$100,000,000, if there is such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

### **Provisions Relating to Taxpayer Payments**

Notwithstanding any other provision of the Harding Street Project Resolution, if any portion of the principal or interest due on the Redevelopment Bonds is paid pursuant to the Taxpayer Agreement the Redevelopment Bonds so paid shall remain outstanding for all purposes, will not be deemed defeased or otherwise satisfied, will not be considered paid by the Redevelopment District, and will continue to be due and owing until paid by the Redevelopment District with interest thereon, and the assignment and pledge of the Harding Street Trust Estate and all covenants, agreements and other obligations of the Redevelopment District to the registered owners of the Redevelopment Bonds so paid shall continue to exist and shall run to the benefit of Lilly, and Lilly shall be subrogated to the rights of the registered owners of the Redevelopment Bonds paid by Lilly to the extent of the payment.

As long as the Taxpayer Agreement shall be in full force and effect, the Redevelopment District and the Redevelopment Trustee agree to comply with the following provisions:

1. On each January 1 and July 1, beginning January 1, 1995, the Controller of the City shall determine whether the Tax Increment Revenues collected in the Harding Street Redevelopment Project Area from the immediately preceding scheduled property tax distribution plus the amount in the Harding Street Bond and Interest Account immediately prior to that distribution, equals or exceeds the portion of Annual Debt Service due on or before the next interest payment or interest compounding date on the Redevelopment Bonds and notify the Redevelopment Trustee of his determination. To the extent that the Tax Increment Revenues from the Harding Street Redevelopment Project Area collected in the Harding Street Allocation Fund plus the

amount in the Harding Street Bond and Interest Account immediately prior to that distribution is less than the portion of Annual Debt Service due on or before the next interest payment or interest compounding date on the Redevelopment Bonds, the Redevelopment Trustee shall immediately notify, by certified mail, the Bond Bank, the Controller of the City, the Commission and Lilly of the amount of the Taxpayer Payment.

2. In addition to those rights granted Lilly under the Harding Street Project Resolution, Lilly will, to the extent it makes payment of principal of or interest on Redevelopment Bonds, become subrogated to the rights of the recipients of such payments in accordance with the provisions of the Harding Street Project Resolution and the terms of the Taxpayer Agreement, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Redevelopment Trustee shall note Lilly's rights as subrogee on the registration books of the City maintained by the Redevelopment Trustee upon receipt from Lilly of a Taxpayer Payment and use of the Taxpayer Payment to pay the interest on the Redevelopment Bonds and deliver a certificate to Lilly setting forth such rights, and (ii) in the case of subrogation as to claims for past due principal, the Redevelopment Trustee shall note Lilly's rights as subrogee on the registration books of the City maintained by the Redevelopment Trustee upon surrender of the Redevelopment Bonds by the registered owners thereof together with proof of the payment of principal thereof.

3. The Redevelopment Trustee shall deem Taxpayer Payments to be allocated to principal (maturity amount on capital appreciation Redevelopment Bonds) on the Redevelopment Bonds first and interest on the Redevelopment Bonds second. The Redevelopment Trustee shall pay past due principal and interest to Lilly from the Harding Street General Account as set forth in the Harding Street Project Resolution. Except as set forth in the following paragraph, interest on past due principal shall be paid at the rate of interest the Redevelopment Bonds so paid bear. Interest on past due interest shall be paid at the rate or rates of interest on the Bonds in which Lilly has subrogation rights; provided that Lilly shall be deemed to have paid the interest on the Redevelopment Bonds, if it makes Taxpayer Payments attributable to interest, in order of maturity, with the earliest maturity deemed paid first.

4. If the City, the County or the Commission take any portion of the Lilly's existing and expanded real property improvements in the Harding Street Redevelopment Project Area (as described in Exhibit A to the Taxpayer Agreement) by eminent domain, the interest paid on past due principal or interest under the preceding paragraph shall be paid at the Penalty Rate to the extent Taxpayer Payments are allocable to such taking. Taxpayer Payments shall be allocable to such taking up to the amount of Tax Increment Revenues that would have been collected if such taking had not occurred. "Penalty Rate" means the lesser of the 12 1/2% per annum or the maximum rate permitted by law. If the maximum rate permitted by law is less than 12 1/2% per annum in the absence of approval by a governmental regulatory body or agency, the Commission agrees to use its best efforts to seek and receive that approval.

5. Reimbursement to Lilly from the Harding Street General Account will be made, to the extent moneys are available in the Harding Street General Account for that purpose, in the full amount required under the Harding Street Project Resolution through December 31, 1997.

The requirements of paragraph (1) above were subject to certain conditions precedent which were waived by Lilly pursuant to a letter dated November 21, 1994 and Lilly's obligations under paragraph (1) above became effective as of November 30, 1994.

Effective January 1, 1998, Lilly will file, within 30 days of the receipt of notice from the Redevelopment Trustee that a Taxpayer Payment is due under the Harding Street Project Resolution and the Taxpayer Agreement, with the Commission, the Redevelopment Trustee, the City Controller and the Bond Bank, a certificate of an officer of Lilly, setting forth the total funds invested in connection with real property in the Harding Street Redevelopment Project Area as of the date of the certificate. Following receipt of the Lilly certificate, the Trustee shall compare the funds invested by Lilly since January 1, 1989, as set forth in the certificate, with respect to real property in the Harding Street Redevelopment Project Area to the estimated investment by Lilly of \$168,000,000. If the certified investment by Lilly is less than \$168,000,000, the Redevelopment Trustee shall compute a percentage amount of Taxpayer Payments to be reimbursed to Lilly under the Harding Street Project Resolution. The percentage of reimbursement of Taxpayer Payments from the Harding Street General Account will be derived by comparing the certified investment to the projected investment.

The Redevelopment Trustee will reduce the \$168,000,000 amount when calculating such percentage by amounts certified by Lilly in its certificate that represent real property investments not made due to: strikes, embargoes, floods, riots, rebellions, sabotage, terrorism, natural disaster, a conflict involving the United States that shall have escalated or commenced, war involving the United States being declared, other national emergency relating to the effective operation of the United States, a suspension of trading on the New York stock exchange, or a general banking moratorium that has been declared by the United States, New York or Indiana authorities, or eminent domain.

If the percentage of reimbursement calculated by the Redevelopment Trustee is less than 100%, Lilly may revise its certificate at any time after January 1, 1998, through December 31, 2005, and file such revised certificate with the Redevelopment Trustee with the information required above. The Redevelopment Trustee shall revise the percentage from time to time when a certificate under this paragraph is filed. If a certificate is filed with the Redevelopment Trustee that increases the reimbursement percentage established under this paragraph Lilly will be entitled to reimbursement of the difference between the reimbursement at the previous percentage and the reimbursement at the new percentage of all Taxpayer Payments retroactively to January 1, 1998.

6. The Redevelopment Trustee will furnish to Lilly a copy of any notice to be given to the registered owners of the Redevelopment Bonds and any certificate rendered pursuant to the Harding Street Project Resolution relating to the security for the Redevelopment Bonds; and such additional information Lilly may reasonably request.

7. Notwithstanding any other provision of the Harding Street Project Resolution, the Redevelopment Trustee will immediately notify Lilly if at any time there are insufficient moneys in the Harding Street Bond and Interest Account to make any payments of principal or interest as required or of a failure to make a Taxpayer Payment when due.

8. The Commission shall not consent or agree to any supplement to or amendment of the Purchase Agreement without the prior written consent of Lilly.

#### **Investment of Funds**

Funds held under the Harding Street Project Resolution will be invested in any investment permitted by laws governing investments of the Commission as such laws may be amended from time to time; provided that, with regard to any investments not guaranteed by the United States of America, such investments will be made in obligations or with institutions with long-term ratings by any rating agencies rating the Bonds that are at least as high as the ratings on the Bonds, provided further that with respect to any investment of moneys in the Construction Account of the Construction Fund, the Controller may, in his discretion, determine that such investments may be made as permitted by laws governing investments of the Commission, as such laws may be amended from time to time.

## APPENDIX C



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Loren M. Matthes

June 20, 2001

Ms. Katherine L. Davis, Controller  
City of Indianapolis  
200 E. Washington Street  
Suite 2222  
Indianapolis, IN 46204

Mr. Robert J. Clifford, Executive Director  
The Indianapolis Local Public Improvement  
Bond Bank  
2421 City-County Building  
200 East Washington Street  
Indianapolis, IN 46204

In connection with the issuance by The Indianapolis Local Public Improvement Bond Bank (the "Bond Bank") of The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2001 C (the "Bond Bank Bonds") being issued to refund a portion of the Bond Bank Series 1991 A Bonds (the "Series 1991 A Bonds") we have, at your request, compiled this special purpose report including the following schedules and appendices:

### Page(s)

C-2 - C-8	General Comments
C-9	Summary of Sources and Uses
C-10	Schedule of Amortization of \$27,170,000 of Bond Bank Bonds, Series 2001 C and \$6,006,123 of Outstanding Bond Bank Bonds, Series 1991 A
C-11	Schedule of Amortization of \$30,956,123 of Outstanding Redevelopment District Tax Increment Revenue Bonds of 1991
C-12	Schedule of Projected Cashflow for Payment of the Bond Bank Obligations
C-13	Schedule of Tax Increment Available for Debt Service
C-14	Schedule of Historical Tax Increment Distributions and Lilly Taxpayer Payments
C-15	Current Assessed Value

The schedules and underlying assumptions are based upon information provided to us by the City of Indianapolis officials and their advisors, the Marion County Auditor's office, the Marion County Assessor's office and Eli Lilly Company officials. In the preparation of these schedules, assumptions were made as noted regarding certain future events. As is the case with such assumptions regarding future events and transactions, some or all may not occur as expected and the resulting differences could be material. We have not examined the underlying assumptions nor have we audited or reviewed the historical data. Consequently, we express no opinion nor provide any other form of assurance thereon nor do we have a responsibility to prepare subsequent reports.



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## CITY OF INDIANAPOLIS, INDIANA

### GENERAL COMMENTS

The Indianapolis Local Public Improvement Bond Bank (the "Bond Bank") proposes to issue The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2001 C (the "Bond Bank Bonds") to refund a portion of the Bond Bank Series 1991 A Bonds (the "Series 1991 A Bonds"). The proceeds from the issuance of the Bond Bank Bonds will fund an escrow for the partial refunding, a debt service reserve, and issuance costs. The Redevelopment District Tax Increment Revenue Bonds, Series 1991 (the "Qualified Obligations") are not being refunded and will continue to provide the funds required for repayment of the Bond Bank Bonds and the Series 1991 A Bonds that remain outstanding ("Outstanding Series 1991 A Bonds").

This Special Purpose Report provides information relating to the Qualified Obligations and the corresponding Bond Bank Bonds and Outstanding Series 1991 A Bonds, as well as information pertaining to the Harding Street Allocation Area.

#### Background Information Concerning Establishment of the Allocation Area

The original Harding Street Allocation Area (the "Allocation Area") (the "Area") was established by a resolution of the Metropolitan Development Commission of Marion County, Indiana, acting as the Redevelopment Commission of the City of Indianapolis (the "Commission") (the "Qualified Entity") on January 9, 1983, as amended on March 2, 1983, and was expanded by a resolution of the Commission adopted on September 5, 1990, for purposes of capturing incremental ad valorem real property tax revenues.

The incremental property taxes ("Tax Increment" as further described herein) to be levied and collected in the Area are being used to pay debt service on the Qualified Obligations. The Area is located south of downtown Indianapolis and consists of the area bounded on the north by I-70, on the east and south by White River and on the west by Big Eagle Creek and Harding Street. The Area contains mostly industrial and commercial property, but also includes certain residential areas. The largest taxpayer in the Area is Eli Lilly and Company ("Lilly").

The majority of existing development and development currently underway is attributable to Lilly. Lilly is in the process of investing in excess of \$1 billion in improvements (both real property and personal property) to its facilities in Indianapolis over a ten-year period. Of the approximately \$920 million of projects announced or built to date, an estimated \$275 million of real property renovations and new construction projects have commenced or are expected to be completed over the next four years in the Area. These projects will provide increased production, research, development and manufacturing capabilities. The expansion and construction of new sales and training facilities as well the construction of a new cafeteria are also planned for the Area. Estimated Tax Increment Revenue increases attributable to Lilly are limited only to those projects which have been announced. Lilly plans to increase the investment in the Allocation Area, but the specifics of this additional investment have yet to be determined. No developments, other than those of Lilly, currently under construction or not assessed by March 1, 2001 have been included in the revenue estimates contained in this report.

## CITY OF INDIANAPOLIS, INDIANA

### GENERAL COMMENTS

#### Tax Increment: Definition and Procedures

Tax Increment consists of all real property tax proceeds attributable to the assessed valuation within an allocation area as of the assessment date in excess of the base assessed value as defined in IC 36-7-15.1-26(a) (referred to throughout this Report as the "Tax Increment"). The base assessed value means the net assessed value of all the property in the Allocation Area as finally determined for the assessment date immediately preceding the effective date of a declaratory resolution pursuant to IC 36-7-15.1-26 establishing the Allocation Area. The base assessment date for the original area is March 1, 1982, as adjusted for reassessment to March 1, 1989, for purposes of determining Tax Increment Revenues. The base assessment date for the new portion of the Allocation Area is March 1, 1990.

Statewide reassessments are scheduled to occur every four years on all real property in Indiana. The State Board of Tax Commissioners is required to adjust the base net assessed value after a general reassessment of property. The purpose of the adjustment is to neutralize the effect of the general reassessment on property tax proceeds allocated to an allocation area. In making such an adjustment, the State Board of Tax Commissioners is required to exclude any appealed assessed values until such appeals are resolved. No adjustment has been made for general reassessments in the Tax Increment estimate contained in this Report. The next statewide reassessment is scheduled to be effective as of March 1, 2002 tax year payable 2003. See "Risk Factors Related to the Tax Increment, the Qualified Obligations and the Security for the Qualified Obligations, and Litigation" below.

The incremental assessed value is determined by subtracting the base net assessed value from the current net assessed value as of the assessment date. The incremental assessed value is then multiplied by the current property tax rate to determine the Tax Increment. IC 36-7-15.1-26.5 (c) entitles taxpayers in an allocation area to an additional credit (the "Additional Credit") payable from Tax Increment in an amount equal to the State Property Tax Replacement Credit (PTRC).

After property taxes are paid to the County Treasurer on or before each June 30 and December 31, such taxes are paid over to the Auditor who, based on the previous year's certification, pays the portion of property tax receipts which represents Tax Increment into the Allocation Fund.

(Continued on next page)

# CITY OF INDIANAPOLIS, INDIANA

## GENERAL COMMENTS

### Risk Factors Related to the Tax Increment, the Qualified Obligations and the Security for the Qualified Obligations

#### Tax Increment-Related Risks

The estimate of Tax Increment is dependent on certain assumptions as to future events, the occurrence of which cannot be guaranteed. In relying on estimates of Tax Increment contained herein, consideration should be given to risk factors which could result in reductions in the estimated Tax Increment. Risk factors include, but are not limited to, the following:

1. *General Risks of Tax Increment.* Tax Increment available to pay debt service due on the Qualified Obligations is based on assessed valuation of developments in the Area since the base assessment date. There are certain risks associated with the Tax Increment estimates such as, but not limited to, the following: (i) destruction of property in the Area caused by natural disaster; (ii) delinquent taxes or adjustments of or appeals on assessments by property owners in the Area (the taxpayers in the Area will not covenant not to appeal to reduce their future assessments); (iii) a decrease in the assessed value of properties in the Area due to increases in depreciation, obsolescence or other factors by the Marion County Assessor's office; (iv) acquisition of property in the Area by a tax-exempt entity; (v) removal or demolition of real property improvements or personal property by property owners in the Area, (vi) delayed billing, collection or distribution of Tax Increment by the Marion County Auditor; (vii) a decrease in property tax rates or increase in the PTRC which would increase the Additional Credit applied to the Tax Increment and reduce the Tax Increment available to pay debt service on the Qualified Obligations; (viii) the General Assembly, the courts, the State Board of Tax Commissioners or other administrative agencies with jurisdiction in the matter could enact new laws or regulations or interpret, amend, alter, change or modify the laws or regulations governing the calculation, collection, definition or distribution of Tax Increment including, laws or regulations relating to reassessment, the Additional Credit or a revision in the property tax system that could affect the Tax Increment (see paragraphs about litigation and legislation below); (ix) a revision in the property tax system affecting Tax Increment; or (x) a change in any taxing unit's funding mechanism would reduce the amount of Tax Increment if that taxing unit's funding is changed to sources other than property taxes. Any such changes could cause the Tax Increment to fall below the levels set forth in the "Estimated Tax Increment Revenue" schedule shown herein which would reduce the Tax Increment available to pay the Qualified Obligations.
2. *Reduction of Tax Rates or Tax Collection Rates.* Any substantial increase in State or federal aid or other sources of local revenues which would reduce local required fiscal support for certain public programs or any substantial increase in assessments outside the Area could reduce the rates of taxation by the taxing bodies levying taxes upon property within the Area and have an adverse effect on the amount of Tax Increment. Economic conditions or administrative action could reduce the collection rate achieved by the County within its jurisdiction, including the Area.

(Continued on next page)

CITY OF INDIANAPOLIS, INDIANA

GENERAL COMMENTS

Risk Factors Related to the Tax Increment, the Qualified Obligations and the Security for the Qualified Obligations (Cont'd)

Tax Increment-Related Risks (Cont'd)

3. *Litigation.* On December 4, 1998, the Indiana Supreme Court affirmed in part and reversed in part a ruling by the Indiana Tax Court that the true tax value method of valuing property for purposes of levying property taxes was unconstitutional. *Town of St. John vs. State Board of Tax Commissioners*, 702N.E.2d 1034 (Ind. 1998). The Indiana Supreme Court ruled that the true tax value method is constitutional but the current cost schedules used by the State Board of Tax Commissioners are unconstitutional. The State Board of Tax Commissioners has not yet completed the necessary revisions to the cost schedules. On May 31, 2000, the Indiana Tax Court ordered the State Board of Tax Commissioners to complete the new assessment regulations by June 1, 2001 and to complete reassessment under those regulations by March 1, 2002. (The new assessment regulations have not yet been published.) Neither the City, the Qualified Entity, nor the Bond Bank can predict the impact on property tax collections, or the timing of, the new cost schedules, future judicial actions in this case, or legislation, regulations or rulings enacted to implement this ruling.
4. *Reassessment.* The next general reassessment of property in the State is scheduled to be effective for taxes assessed March 1, 2002, for taxes payable in 2003. Reassessments are scheduled to occur every four years thereafter. The State Board of Tax Commissioners is required by law to make a one-time adjustment to neutralize the effect of a reassessment on property within tax increment allocation areas, including the Area, so that owners of obligations secured by tax increment revenues will not be adversely affected. Delays in the reassessment process, the inability to neutralize the effect of reassessment, or appeals of reassessments could adversely affect the availability of Tax Increment.
5. *Additional Credit and Tax Rates Assumed in the Estimate.* The estimate also assumes that the gross property tax rate and PTRC (on which the calculation of the Additional Credit is based) will remain at approximately the same level, for the tax districts within the Area, throughout the term of the Qualified Obligations. The amount of the PTRC could change if, among other things, property taxes are levied to pay debt service on bonds issued by any taxing units overlapping the Area. The General Assembly could also enact legislation changing the method of calculating, or the size of, the PTRC. Any decrease in the tax rate or increase in the PTRC could result in a decrease in the amount of Tax Increment available to pay debt service.

(Continued on next page)

## CITY OF INDIANAPOLIS, INDIANA

### GENERAL COMMENTS

#### Risk Factors Related to the Tax Increment, the Qualified Obligations and the Security for the Qualified Obligations (Cont'd)

##### Bond-Related Risks

*The following bond-related risks are included in this Report for disclosure purposes for the parties to whom this Report will be distributed.*

*Limited Liability of the City; No Additional Security/Enhancement.* The Qualified Obligations are payable solely from the Harding Street Trust Estate, which includes the Tax Increment. The Commission has no source of moneys from which to pay the Qualified Obligations other than Tax Increment, current or potential moneys and investments (together with interest and other earnings) and, in the event and to the extent of any deficiency in the Tax Increment Revenues, from any Taxpayer Payments which are held as part of the Harding Street Trust Estate.

*Bond Bank Reserve Fund.* A portion of the Bond Bank Bonds proceeds will be used to establish the Bond Bank Reserve Fund, which will be used to pay any shortfall in principal or interest which may occur.

In order to maintain the Bond Bank Reserve Fund at the Bond Bank Reserve Requirement, the City-County Council of Indianapolis and Marion County (the "Council") may make annual appropriations to replenish the Bond Bank Reserve Fund. Under the Act, the Council is not obligated to make such appropriations to replenish the Bond Bank Reserve Fund, although it adopted an ordinance in 1985 indicating its general intention to consider such appropriations if necessary.

*THE QUALIFIED OBLIGATIONS DO NOT CONSTITUTE A CORPORATE OBLIGATION OF THE CITY, BUT CONSTITUTE AN OBLIGATION OF THE DISTRICT AS A SPECIAL TAXING DISTRICT, PAYABLE SOLELY OUT OF THE HARDING STREET TRUST ESTATE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT OR THE CITY IS PLEDGED TO THE PAYMENT OF PRINCIPAL OR INTEREST ON THE QUALIFIED OBLIGATIONS.*

#### Summary of Sources and Uses - Page C-9

The expected sources and uses of funding of the proposed refunding program is summarized in this schedule. The costs include providing funds to: (i) refund and legally defease the Series 1991 A Bonds maturing on February 1, 2002, 2003, 2004 and February 1, 2020 (the "Refunded Bonds"); (ii) fund a debt service reserve; and to (iii) pay the costs of issuance of the Series 2001 C Bonds.

The costs of the project are expected to be funded from \$27,170,000 of Bond Bank Bonds, Series 2001 C, \$3,250,586.30 continued from the Series 1991 A Bonds Debt Service Reserve, a bond premium of \$297,657.25 and \$84,867.58 from the Series 1991 A Bond and Interest Account.

## CITY OF INDIANAPOLIS, INDIANA

### GENERAL COMMENTS

#### Schedule of Amortization of \$27,170,000 of Bond Bank Bonds, Series 2001 C and \$6,006,123 of Outstanding Bond Bank Bonds, Series 1991 A - Page C-10

The amortization of the \$27,170,000 of Bond Bank Bonds, Series 2001 C is shown in this schedule. Bond Bank Bonds will be dated the date of delivery, June 28, 2001. Actual interest rates were determined through a negotiated sale of the Bond Bank Bonds with City Securities Corporation (the "Underwriter"). The Bond Bank Bonds will mature serially over a period of approximately eighteen years and seven months, with a final maturity date of February 1, 2020. Principal and interest will be payable semiannually on each February 1 and August 1 with payments commencing on August 1, 2001 on a basis of twelve thirty-day months for a 360-day year.

The non-refunded portion of the Bond Bank Bonds, Series 1991 A is also shown on this schedule.

#### Schedule of Amortization of \$30,956,123 of Outstanding Redevelopment District Tax Increment Revenue Bonds of 1991 - Page C-11

The amortization of the \$30,956,123 of Outstanding Redevelopment District Tax Increment Revenue Bonds of 1991 is shown in this schedule. The bonds were originally issued in the amount of \$35,445,123 in April, 1991. These bonds will not be refunded as part of the proposed refunding program.

#### Schedule of Projected Cashflow for Payment of the Bond Bank Obligations - Page C-12

This schedule shows the debt service payments at both the Qualified Entity level and the Bond Bank level to demonstrate that the Qualified Entity payments will be sufficient to pay the Bond Bank debt service payments. This schedule compares only the debt service payments. Bond Bank and Trustee fees are additional costs which are paid by the Qualified Entity to the Bond Bank.

#### Schedule of Tax Increment Available for Debt Service - Page C-13

This schedule shows the Tax Increment available for debt service as well as the estimated Lilly Taxpayer Payments. If Tax Increment is not sufficient for payment of the Qualified Obligations, Lilly is required to make Taxpayer Payments in amounts sufficient to cover the deficiency. As the anticipated investment increases in the Area, the Taxpayer Payments are expected to decrease from nearly \$1.5 million in the early years to zero by 2011 and throughout the remainder of the bond issue. The Taxpayer Payment estimates rely on Tax Increment estimates reflecting Lilly's current plans. These plans could change significantly which could materially affect the Tax Increment Estimates contained herein.

CITY OF INDIANAPOLIS, INDIANA

GENERAL COMMENTS

Schedule of Historical Tax Increment Distributions and Lilly Taxpayer Payments - Page C-14

This schedule shows the historical Tax Increment distributions for the Area and the Taxpayer Payments made by Lilly.

Current Assessed Value - Page C-15

The current assessed value for the Allocation Area is shown on this schedule. The total 2000 taxes payable 2001 assessed valuation is shown as well as the breakdown between base and incremental assessed valuation. The Estimated Tax Increment Revenue is also shown based upon the net 2000 taxes payable 2001 tax rate. There has been a history of appeal reductions in the Area. The estimated assessed valuation has been reduced by \$1,500,000 to recognize recently settled appeals which will result in payments of refunds and additional appeals which may result in reduced assessed valuation and additional refund payments in the Allocation Area.



**CITY OF INDIANAPOLIS, INDIANA**

***Harding Street Allocation Area***

**SUMMARY OF SOURCES AND USES**

**Application of Series 2001 C Bond Proceeds**

**Sources**

Principal Amount of Series 2001 C Bonds	\$27,170,000.00
Net Premium	297,657.25
Transfer from Prior Issue Debt Service Reserve	3,250,586.30 (1)
Transfer from Prior Issue Bond and Interest Account	<u>84,867.58</u>
Total	<u><u>\$30,803,111.13</u></u>

**Uses**

Deposit to Escrow	\$25,675,175.00
Costs of Issuance, including Underwriter's Discount	337,888.65
Deposit to Debt Service Reserve Fund	3,317,612.30 (1)
Deposit to Bond and Interest Account	4,050.00
Repayment of Payments made under Taxpayer Agreement	<u>1,468,385.18</u>
Total	<u><u>\$30,803,111.13</u></u>

(1) Includes \$600,612 allocable to the Debt Service Reserve for the remaining Bond Bank 1991 A Bonds which are not being refunded.

(Subject to the comments in the accompanying report dated June 20, 2001 of H.J. Umbaugh & Associates.)

## CITY OF INDIANAPOLIS, INDIANA

## Harding Street Allocation Area

**SCHEDULE OF AMORTIZATION OF \$27,170,000 OF BOND BANK BONDS, SERIES 2001 C  
AND \$6,006,123 OF OUTSTANDING BOND BANK BONDS, SERIES 1991  
(Unaudited)**

Payment Date	Outstanding Balance	Refunding Bonds				Non-refunded Capital Appreciation Bonds				Combined
		Principal	Interest Rate (%)	Debt Service		Issue Amount	Interest Rate (%)	Accreted Interest	Maturity Amounts	Fiscal Year Total
				Interest	Total					
08/01/01	\$33,176,123	\$635,000	4.000	\$128,595.61	\$763,595.61					
02/01/02	32,541,123	1,305,000	4.500	688,730.63	1,993,730.63					\$2,757,326
08/01/02	31,236,123	60,000	3.000	659,368.13	719,368.13					
02/01/03	31,176,123	1,460,000	4.500	658,468.13	2,118,468.13					2,837,836
08/01/03	29,716,123	50,000	3.350	625,618.13	675,618.13					
02/01/04	29,666,123	1,620,000	4.500	624,780.63	2,244,780.63					2,920,399
08/01/04	28,046,123	35,000 (1)	4.300	588,330.63	623,330.63					
02/01/05	28,011,123	35,000 (1)	4.300	587,578.13	622,578.13	\$675,341.95	7.10	\$1,089,658.05	\$1,765,000.00	3,010,909
08/01/05	27,300,781	35,000 (1)	4.300	586,825.63	621,825.63					
02/01/06	27,265,781	35,000 (1)	4.300	586,073.13	621,073.13	657,245.05	7.15	1,197,754.95	1,855,000.00	3,097,899
08/01/06	26,573,536	35,000 (1)	4.300	585,320.63	620,320.63					
02/01/07	26,538,536	40,000 (1)	4.300	584,568.13	624,568.13	642,375.15	7.15	1,302,624.85	1,945,000.00	3,189,889
08/01/07	25,856,161	40,000 (1)	4.300	583,708.13	623,708.13					
02/01/08	25,816,161	40,000 (1)	4.300	582,848.13	622,848.13	624,502.10	7.20	1,420,497.90	2,045,000.00	3,291,556
08/01/08	25,151,659	40,000 (1)	4.300	581,988.13	621,988.13					
02/01/09	25,111,659	40,000 (1)	4.300	581,128.13	621,128.13	608,894.20	7.20	1,531,105.80	2,140,000.00	3,383,116
08/01/09	24,462,765	40,000 (1)	4.300	580,268.13	620,268.13					
02/01/10	24,422,765	45,000 (2)	4.900	579,408.13	624,408.13	589,783.95	7.25	1,655,216.05	2,245,000.00	3,489,676
08/01/10	23,787,981	45,000 (2)	4.900	578,305.63	623,305.63					
02/01/11	23,742,981	45,000 (2)	4.900	577,203.13	622,203.13	574,927.50	7.25	1,775,072.50	2,350,000.00	3,595,509
08/01/11	23,123,053	45,000 (2)	4.900	576,100.63	621,100.63					
02/01/12	23,078,053	50,000 (2)	4.900	574,998.13	624,998.13	559,322.65	7.25	1,895,677.35	2,455,000.00	3,701,099
08/01/12	22,468,730	50,000 (2)	4.900	573,773.13	623,773.13					
02/01/13	22,418,730	50,000 (2)	4.900	572,548.13	622,548.13	544,216.05	7.25	2,020,783.95	2,565,000.00	3,811,321
08/01/13	21,824,514	50,000 (2)	4.900	571,323.13	621,323.13					
02/01/14	21,774,514	55,000 (2)	4.900	570,098.13	625,098.13	529,514.40	7.25	2,150,485.60	2,680,000.00	3,926,421
08/01/14	21,190,000	55,000 (2)	4.900	568,750.63	623,750.63					
02/01/15	21,135,000	2,855,000	5.250	567,403.13	3,422,403.13					4,046,154
08/01/15	18,280,000	45,000	5.000	492,459.38	537,459.38					
02/01/16	18,235,000	3,135,000	5.500	491,334.38	3,626,334.38					4,163,794
08/01/16	15,100,000	40,000	5.000	405,121.88	445,121.88					
02/01/17	15,060,000	3,440,000	5.500	404,121.88	3,844,121.88					4,289,244
08/01/17	11,620,000	35,000	5.125	309,521.88	344,521.88					
02/01/18	11,585,000	3,635,000	5.500	308,625.00	3,943,625.00					4,288,147
08/01/18	7,950,000	25,000	5.125	208,662.50	233,662.50					
02/01/19	7,925,000	3,850,000 (3)	5.250	208,021.88	4,058,021.88					4,291,684
08/01/19	4,075,000	15,000	5.125	106,959.38	121,959.38					
02/01/20	4,060,000	4,060,000 (3)	5.250	106,575.00	4,166,575.00					4,288,534
Totals		\$27,170,000		\$19,165,513.11	\$46,335,513.11	\$6,006,123.00		\$16,038,877.00	\$22,045,000.00	\$68,380,513

(1) Represents \$415,000 of Term Bonds due August 1, 2009.

(2) Represents \$490,000 of Term Bonds due August 1, 2014.

(3) Represents \$7,910,000 of Term Bonds due February 1, 2020.

(Subject to the comments in the accompanying report dated June 20, 2001 of H.J. Umbaugh &amp; Associates.)

## CITY OF INDIANAPOLIS, INDIANA

## Harding Street Allocation Area

**SCHEDULE OF AMORTIZATION OF \$30,956,123 OF OUTSTANDING REDEVELOPMENT****DISTRICT TAX INCREMENT REVENUE BONDS OF 1991**

(Unaudited)

Payment Date	Outstanding Balance	Current Interest Bonds				Capital Appreciation Bonds				Combined Fiscal Year Total
		Principal	Interest Rate (%)	Interest	Total	Issue Amount	Interest Rate (%)	Accreted Interest	Maturity Amounts	
08/01/01	\$30,956,123			\$761,647.50	\$761,647.50					
02/01/02	30,956,123	\$1,230,000	6.50	761,647.50	1,991,647.50					\$2,753,295
08/01/02	29,726,123			721,672.50	721,672.50					
02/01/03	29,726,123	1,395,000	6.60	721,672.50	2,116,672.50					2,838,345
08/01/03	28,331,123			675,637.50	675,637.50					
02/01/04	28,331,123	1,570,000	6.75	675,637.50	2,245,637.50					2,921,275
08/01/04	26,761,123			622,650.00	622,650.00					
02/01/05	26,761,123			622,650.00	622,650.00	\$675,341.95	7.10	\$1,089,658.05	\$1,765,000.00	3,010,300
08/01/05	26,085,781			622,650.00	622,650.00					
02/01/06	26,085,781			622,650.00	622,650.00	657,245.05	7.15	1,197,754.95	1,855,000.00	3,100,300
08/01/06	25,428,536			622,650.00	622,650.00					
02/01/07	25,428,536			622,650.00	622,650.00	642,375.15	7.15	1,302,624.85	1,945,000.00	3,190,300
08/01/07	24,786,161			622,650.00	622,650.00					
02/01/08	24,786,161			622,650.00	622,650.00	624,502.10	7.20	1,420,497.90	2,045,000.00	3,290,300
08/01/08	24,161,659			622,650.00	622,650.00					
02/01/09	24,161,659			622,650.00	622,650.00	608,894.20	7.20	1,531,105.80	2,140,000.00	3,385,300
08/01/09	23,552,765			622,650.00	622,650.00					
02/01/10	23,552,765			622,650.00	622,650.00	589,783.95	7.25	1,655,216.05	2,245,000.00	3,490,300
08/01/10	22,962,981			622,650.00	622,650.00					
02/01/11	22,962,981			622,650.00	622,650.00	574,927.50	7.25	1,775,072.50	2,350,000.00	3,595,300
08/01/11	22,388,053			622,650.00	622,650.00					
02/01/12	22,388,053			622,650.00	622,650.00	559,322.65	7.25	1,895,677.35	2,455,000.00	3,700,300
08/01/12	21,828,730			622,650.00	622,650.00					
02/01/13	21,828,730			622,650.00	622,650.00	544,216.05	7.25	2,020,783.95	2,565,000.00	3,810,300
08/01/13	21,284,514			622,650.00	622,650.00					
02/01/14	21,284,514			622,650.00	622,650.00	529,514.40	7.25	2,150,485.60	2,680,000.00	3,925,300
08/01/14	20,755,000			622,650.00	622,650.00					
02/01/15	20,755,000	2,800,000 (1)	6.00	622,650.00	3,422,650.00					4,045,300
08/01/15	17,955,000			538,650.00	538,650.00					
02/01/16	17,955,000	3,090,000 (1)	6.00	538,650.00	3,628,650.00					4,167,300
08/01/16	14,865,000			445,950.00	445,950.00					
02/01/17	14,865,000	3,400,000 (1)	6.00	445,950.00	3,845,950.00					4,291,900
08/01/17	11,465,000			343,950.00	343,950.00					
02/01/18	11,465,000	3,600,000 (1)	6.00	343,950.00	3,943,950.00					4,287,900
08/01/18	7,865,000			235,950.00	235,950.00					
02/01/19	7,865,000	3,820,000 (1)	6.00	235,950.00	4,055,950.00					4,291,900
08/01/19	4,045,000			121,350.00	121,350.00					
02/01/20	4,045,000	4,045,000 (1)	6.00	121,350.00	4,166,350.00					4,287,700
Totals		\$24,950,000		\$21,387,915.00	\$46,337,915.00	\$6,006,123.00		\$16,038,877.00	\$22,045,000.00	\$68,382,915

(1) Represents \$20,755,000 of Term Bonds due February 1, 2020.

(Subject to the comments in the accompanying report  
dated June 20, 2001 of H.J. Umbaugh & Associates.)

## CITY OF INDIANAPOLIS, INDIANA

## Harding Street Allocation Area

**SCHEDULE OF PROJECTED CASH FLOW FOR PAYMENT  
OF THE BOND BANK OBLIGATIONS**

<u>Payment Date</u>	<u>Qualified Entity Debt Service</u> (1)	<u>Bond Bank Debt Service</u> (2)	<u>Variance</u>	<u>Cumulative Balance</u>
Beginning Balance				\$4,050
08/01/01	\$761,648	\$763,596	(\$1,948)	2,102
02/01/02	1,991,648	1,993,731	(2,083)	19
08/01/02	721,673	719,368	2,304	2,323
02/01/03	2,116,673	2,118,468	(1,796)	528
08/01/03	675,638	675,618	19	547
02/01/04	2,245,638	2,244,781	857	1,404
08/01/04	622,650	623,331	(681)	723
02/01/05	2,387,650	2,387,578	72	795
08/01/05	622,650	621,826	824	1,619
02/01/06	2,477,650	2,476,073	1,577	3,196
08/01/06	622,650	620,321	2,329	5,526
02/01/07	2,567,650	2,569,568	(1,918)	3,608
08/01/07	622,650	623,708	(1,058)	2,549
02/01/08	2,667,650	2,667,848	(198)	2,351
08/01/08	622,650	621,988	662	3,013
02/01/09	2,762,650	2,761,128	1,522	4,535
08/01/09	622,650	620,268	2,382	6,917
02/01/10	2,867,650	2,869,408	(1,758)	5,159
08/01/10	622,650	623,306	(656)	4,503
02/01/11	2,972,650	2,972,203	447	4,950
08/01/11	622,650	621,101	1,549	6,499
02/01/12	3,077,650	3,079,998	(2,348)	4,151
08/01/12	622,650	623,773	(1,123)	3,028
02/01/13	3,187,650	3,187,548	102	3,130
08/01/13	622,650	621,323	1,327	4,457
02/01/14	3,302,650	3,305,098	(2,448)	2,009
08/01/14	622,650	623,751	(1,101)	908
02/01/15	3,422,650	3,422,403	247	1,155
08/01/15	538,650	537,459	1,191	2,346
02/01/16	3,628,650	3,626,334	2,316	4,661
08/01/16	445,950	445,122	828	5,489
02/01/17	3,845,950	3,844,122	1,828	7,318
08/01/17	343,950	344,522	(572)	6,746
02/01/18	3,943,950	3,943,625	325	7,071
08/01/18	235,950	233,663	2,288	9,358
02/01/19	4,055,950	4,058,022	(2,072)	7,286
08/01/19	121,350	121,959	(609)	6,677
02/01/20	4,166,350	4,166,575	(225)	6,452
Totals	<u>\$68,382,915</u>	<u>\$68,380,513</u>	<u>\$2,402</u>	

(1) See page 11. Bond Bank and Trustee fees are in addition to the debt service shown.

(2) See page 10.

(Subject to the comments in the accompanying report  
dated June 20, 2001 of H.J. Umbaugh & Associates.)

**CITY OF INDIANAPOLIS, INDIANA**

*Harding Street Allocation Area*

**SCHEDULE OF ESTIMATED TAX INCREMENT  
AVAILABLE FOR DEBT SERVICE**

<u>Bond Year Ending February 1</u>	<u>Estimated Current Tax Increment</u>	<u>Estimated Tax Increment from New Lilly Development</u>	<u>Estimated Combined Tax Increment</u>	<u>1991 Q.E. Debt Service</u>	<u>Estimated Taxpayer Payments</u>
	(1)	(2)		(3)	(4)
2002	\$1,413,630	\$0	\$1,413,630	\$2,753,295	\$1,339,665
2003	1,413,630	0	1,413,630	2,838,345	1,424,715
2004	1,413,630	27,974	1,441,604	2,921,275	1,479,671
2005	1,413,630	159,908	1,573,538	3,010,300	1,436,762
2006	1,413,630	440,345	1,853,975	3,100,300	1,246,325
2007	1,413,630	843,539	2,257,169	3,190,300	933,131
2008	1,413,630	1,254,327	2,667,957	3,290,300	622,343
2009	1,413,630	1,617,107	3,030,737	3,385,300	354,563
2010	1,413,630	1,927,400	3,341,030	3,490,300	149,270
2011	1,413,630	2,219,909	3,633,539	3,595,300	0
2012	1,413,630	2,484,443	3,898,073	3,700,300	0
2013	1,413,630	2,700,968	4,114,598	3,810,300	0
2014	1,413,630	2,837,032	4,250,662	3,925,300	0
2015	1,413,630	2,907,303	4,320,933	4,045,300	0
2016	1,413,630	2,925,087	4,338,717	4,167,300	0
2017	1,413,630	2,925,087	4,338,717	4,291,900	0
2018	1,413,630	2,925,087	4,338,717	4,287,900	0
2019	1,413,630	2,925,087	4,338,717	4,291,900	0
2020	1,413,630	2,925,087	4,338,717	4,287,700	0
<b>Totals</b>	<b><u>\$26,858,970</u></b>	<b><u>\$34,045,692</u></b>	<b><u>\$60,904,662</u></b>	<b><u>\$68,382,915</u></b>	<b><u>\$8,986,445</u></b>

(1) See page 15.

(2) Based upon information provided by Lilly Officials.

(3) See page 11. Bond Bank and Trustee fees are in addition to the debt service shown.

(4) Per the Taxpayer Agreement, Lilly is responsible for funding any shortfall between Tax Increment Revenue and debt service obligations, including Bond Bank and Trustee fees.

(Subject to the comments in the accompanying report  
dated June 20, 2001 of H.J. Umbaugh & Associates.)

# CITY OF INDIANAPOLIS, INDIANA

## *Harding Street Allocation Area*

### SCHEDULE OF HISTORICAL TAX INCREMENT DISTRIBUTIONS AND LILLY TAXPAYER PAYMENTS (Unaudited)

<u>Bond Year Ending February 1</u>	<u>Tax Increment Distribution</u>	<u>Lilly Taxpayer Payments (2)</u>
1994	\$580,392	
1995	1,050,538	
1996	1,096,986	
1997	1,371,825	
1998	1,654,656	\$660,174
1999	1,653,440	737,511
2000	1,661,040	879,866
2001	930,275 (1)	1,598,793

(1) Approximately \$511,000 of appeal refunds were paid out of the 2000 TIF Distribution.

(2) Per a Taxpayer Agreement entered into when the original 1991 Bonds were issued, Lilly is required to make Taxpayer Payments in amounts sufficient to cover any debt service deficiency. These payments are to be reimbursed to Lilly, with interest, from excess Tax Increment when available. Interest on past due principal is to be paid at the rate the Bonds bear. Interest on the interest shall be paid at the rate of interest on the Bonds in which the Company has subrogation rights, in order of maturity with the earliest maturity deemed paid first. The repayment amount due Lilly for Taxpayer Payments and associated interest through June 1, 2001 is approximately \$4.29 million.

(Subject to the comments in the accompanying report dated June 20, 2001 of H.J. Umbaugh & Associates.)

CITY OF INDIANAPOLIS, INDIANA

*Harding Street Allocation Area*

**CURRENT ASSESSED VALUE**

(Per Marion County Auditor's Office)

(Unaudited)

2000 Pay 2001 Assessed Value	\$37,796,480
Less: Appeal Adjustment (1)	(1,500,000)
Less: Base Assessed Value	<u>(23,031,610)</u>
Incremental Assessed Value	<u>13,264,870</u>
2000 Pay 2001 Net Tax Rate (2)	<u>\$10.6569</u>
Estimated Tax Increment Revenue	<u><u>\$1,413,630</u></u>

- (1) The assessed value has been reduced by \$1,500,000 to recognize recently settled appeals which will result in payments of refunds and additional appeals which may result in reduced assessed valuation and additional refund payments in the Allocation Area.
- (2) The Net Tax rate is equal to the 2000 pay 2001 gross property tax rate of \$12.6720 less the additional credit equal to the State Property Tax Replacement Credit (PTRC) of .159016 for Indpls - Center Township.

(Subject to the comments in the accompanying report dated June 20, 2001 of H.J. Umbaugh & Associates.)

## APPENDIX D



**FINANCIAL STATEMENTS FROM THE COMPONENT UNIT  
FINANCIAL REPORT OF THE CITY OF INDIANAPOLIS**

The Comprehensive Annual Financial Report of the City of Indianapolis (Component Unit of the Consolidated City of Indianapolis-Marion County) for the year ended December 31, 1999, is on file and may be obtained at the following nationally recognized municipal securities information repositories and is hereby incorporated by reference thereto:

1. Bloomberg Municipal Repositories  
P.O. Box 840  
Princeton, NJ 08542-0840  
Telephone: (609) 279-3225  
Telecopy: (609) 279-5962  
E-mail: Munis@Bloomberg.com
2. DPC Data, Inc.  
One Executive Drive  
Fort Lee, NJ 07024  
Telephone: (201) 346-0701  
Telecopy: (201) 947-0107  
E-mail: nrmsir@dpcdata.com
3. Standard & Poor's  
Attention: J J Kenny Repositories  
55 Water Street, 45<sup>th</sup> Floor  
New York, New York 10041  
Phone: (212) 438-4595  
Fax: (212) 438-3975
4. Interactive Data  
Attn: Repository  
100 William Street  
New York, New York 10038  
Phone: (212) 771-6899  
Fax: (212) 771-7390  
E-Mail: NRMSIR@interactivedata.com

The Comprehensive Annual Financial Report may also be obtained from the City Controller's office at the following address:

Ms. Katherine L. Davis  
City Controller  
City of Indianapolis  
City Hall  
200 East Washington Street  
Indianapolis, Indiana 46204-3307  
Telephone: (317) 327-4305  
Telecopy: (317) 327-3953  
E-mail: kdavis@indygov.org

**CITY OF INDIANAPOLIS**  
**General Governmental Expenditures By Function and Other Uses (A)**  
**Last Ten Years**

	Departmental and Modified Accrual Basis									
	1999	1998	1997	1996 (B)	1995	1994	1993	1992	1991	1990
General Government	\$16,286,416	\$15,560,438	\$16,251,699	\$18,742,434	\$0	\$0	\$0	\$0	\$0	\$0
Public Safety	145,333,762	139,278,315	134,901,945	133,843,088	0	0	0	0	0	0
Public Works	116,491,780	111,791,916	111,311,418	108,539,916	0	0	0	0	0	0
Health and Welfare	5,549,909	5,596,434	5,283,877	5,007,488	0	0	0	0	0	0
Cultural and Recreation	21,218,427	19,531,570	19,041,031	18,071,277	0	0	0	0	0	0
Urban redevelopment and Housing	23,799,403	27,505,828	34,666,309	36,180,145	0	0	0	0	0	0
Economic Development and Assistance	4,951,064	3,656,177	4,537,108	6,135,727	0	0	0	0	0	0
Protection of People and Property	0	0	0	0	120,348,676	118,289,743	114,374,397	116,299,856	115,790,625	108,649,789
Community Cultural and Recreation	0	0	0	0	16,730,401	16,214,820	17,201,050	18,227,782	15,475,386	15,477,111
Community Development and Welfare	0	0	0	0	50,292,849	40,686,979	37,458,114	33,914,284	31,479,140	30,537,771
Transportation and Related Services	0	0	0	0	32,747,879	41,807,734	36,868,971	37,501,462	33,812,146	32,352,425
Environmental Services	0	0	0	0	85,683,676	65,950,686	89,990,933	95,147,599	81,915,260	75,110,421
Executive/Legislative Affairs of Government	0	0	0	0	1,183,155	934,402	2,708,054	2,858,959	4,352,807	3,130,820
Administrative Services	0	0	0	0	25,825,970	23,228,897	16,563,276	15,278,696	20,855,038	18,808,432
Debt Services	198,368,157	172,866,021	75,978,000	80,919,491	114,245,733	78,438,158	128,515,383	346,608,317	65,233,270	75,762,437
Capital Outlay	116,942,899	101,464,802	136,675,143	139,223,029	168,731,665	208,698,525	138,445,176	167,680,916	63,735,874	65,072,754
Other Uses	71,349,028	54,230,336	17,290,484	14,892,979	64,091,804	62,489,634	10,967,311	339,344,130	57,457,684	32,958,948
<b>TOTAL</b>	<b>\$720,288,845</b>	<b>\$651,501,935</b>	<b>\$555,937,014</b>	<b>\$561,555,572</b>	<b>\$679,881,808</b>	<b>\$656,739,578</b>	<b>\$593,092,665</b>	<b>\$1,172,862,001</b>	<b>\$490,107,230</b>	<b>\$457,860,908</b>

(A) Includes General, Special Revenue, Debt Service, Capital Projects and Expendable Trust Funds.

(B) In 1996 certain changes were made to the financial statements to more appropriately reflect financial activity. These changes included modifying the functional name.

TABLE II

**CITY OF INDIANAPOLIS**  
**General Revenues By Source and Other Financing Sources (A)**  
*Last Ten Years*

Year	Taxes	Licenses and Permits	Charges for Service	Other Intergovernmental Revenues		Traffic Violations and Municipal Court Fees	Intragovernmental and Other Operating Revenues	Other Financing Sources	Total Revenues
				Federal	State and Other				
1999	\$283,175,302	\$9,531,106	\$90,966,921	\$27,258,785	\$81,172,198	\$3,162,872	\$46,694,721	\$205,639,231	747,601,136
1998	280,738,203	9,304,916	79,696,178	29,747,409	60,113,032	3,529,926	41,104,457	160,063,295	664,297,416
1997	252,495,457	8,955,499	78,860,694	33,553,052	64,745,486	2,921,758	47,310,625	32,349,111	521,191,682
1996	248,469,683	8,107,452	76,976,913	38,241,749	58,105,581	3,302,941	38,062,534	42,905,474	514,172,327
1995	253,536,850	8,433,488	86,092,909	34,140,274	48,455,480	1,774,009	43,994,368	119,634,572	598,063,950
1994	229,124,875	8,114,399	76,295,640	48,246,060	29,515,378	1,997,705	37,944,782	100,941,773	532,180,612
1993	226,236,048	6,809,516	92,370,308	29,203,046	37,152,916	2,065,258	34,210,653	270,796,612	698,844,357
1992	224,258,758	6,331,042	80,894,939	35,288,196	36,396,021	1,439,426	29,671,967	808,572,257	1,222,852,606
1991	216,675,686	5,777,695	81,689,531	27,475,900	36,401,230	1,400,876	36,008,020	96,034,907	501,463,845
1990	209,646,756	6,392,317	79,165,418	27,606,472	36,585,437	1,332,429	40,979,191	52,509,476	454,217,496

(A) Includes General, Special Revenue, Debt Service, Capital Projects and Expendable Trust Funds.

TABLE III

**CITY OF INDIANAPOLIS**  
**Tax Revenues by Source (A)**  
**Last Ten Years**

<u>Year</u>	<u>Total Taxes</u>	<u>General Property Taxes</u>	<u>Wheel Taxes</u>	<u>Local Option Income Tax</u>	<u>Other Taxes (B)</u>
1999 (D)	283,175,302	\$170,119,975	\$13,099,604	50,609,791	\$49,345,932
1998 (D)	280,738,203	168,787,337	12,501,586	50,673,837	48,775,443
1997	252,495,457	159,305,402	12,012,652	36,853,061 (C)	44,324,342
1996	248,469,683	159,529,930	11,524,643	35,581,981 (C)	41,833,129
1995	253,538,850	153,617,388	6,212,425	59,257,052	34,451,985
1994	229,124,875	151,200,395	5,663,219	42,365,083	29,896,178
1993	226,236,048	151,844,027	9,681,849	42,020,209	22,689,963
1992	224,258,758	151,568,159	9,335,216	43,327,218	20,028,165
1991	216,675,686	144,331,750	9,289,023	42,688,933	20,365,980
1990	209,646,756	141,001,643	8,311,189	37,169,903	23,164,021

(A) Includes General, Special Revenue, Debt Service and Capital Project Funds.

(B) Includes Financial Institution and other local taxes.

(C) In 1996 and 1997, the Local Option Income Tax for pension funds is recorded directly in the trust and agency funds.

(D) Beginning in 1998, all Taxes for pension funds are recorded in the General Fund

TABLE IV

**CITY OF INDIANAPOLIS**  
**Property Taxes Levied and Collected (A) (B) (D)**  
**Last Ten Years**

Year	Taxes Levied	Marion County Auditors Credits (C)	Adjusted Levy	Current Taxes Collected	Percent of Adjusted Levy Collected	Delinquent Taxes Collected	Total Taxes Collected	Total Collections as Percent of Adjusted Levy	Outstanding Current Year Delinquent Taxes	Outstanding Current Year Delinquent Taxes as Percent of Adjusted Levy	Total Collectible Delinquent Taxes (C)
1999	173,926,013	1,759,699	172,166,314	162,623,652	94.5%	7,497,144	170,120,796	98.8%	9,542,662	5.54%	12,497,564
1998	172,997,140	4,046,483	168,950,657	160,791,885	95.2%	7,922,088	168,713,973	99.9%	8,158,772	4.83%	13,001,916
1997	163,959,731	5,869,719	158,090,012	151,943,652	96.1%	7,361,750	159,305,402	100.8%	4,572,455	2.90%	12,641,832
1996	159,161,095	5,966,318	153,194,777	153,259,615	100.0%	6,270,315	159,529,930	104.1%	5,415,881	3.50%	14,554,676
1995	155,036,245	2,291,513	152,744,732	144,395,681	94.5%	9,221,707	153,617,388	100.6%	8,349,051	5.50%	13,848,237
1994	152,650,972	1,282,558	151,368,414	144,922,261	95.7%	6,278,134	151,200,395	99.9%	6,446,153	4.30%	13,764,956
1993	154,002,934	2,063,311	151,939,623	147,100,470	96.8%	7,877,945	154,978,415	102.0%	4,839,153	3.20%	11,674,847
1992	147,104,308	3,853,359	143,250,947	139,236,573	97.2%	6,840,014	146,076,587	102.0%	4,014,374	2.80%	12,959,002
1991	144,682,388	4,438,529	140,243,859	133,300,089	95.0%	5,369,103	138,669,019	98.9%	6,943,770	5.00%	13,189,954
1990	143,209,621	3,020,035	140,189,586	135,775,270	96.9%	2,631,307	138,406,577	98.7%	4,414,316	3.10%	10,723,194

- (A) Includes General, Special Revenue, Debt Service and City Cumulative Capital Development Capital Projects Funds.  
 (B) Data presented on the cash basis.  
 (C) Data has been adjusted to reflect credits issued by the County Auditor's Office as a result of appeals or other adjustments.  
 (D) Data presented is per the Marion County Auditor's Office.

TABLE V

**CITY OF INDIANAPOLIS**  
**Assessed and True Tax Actual Value of Taxable Property - County-Wide (A)**  
**Last Ten Years**

YEAR	REAL PROPERTY		PERSONAL PROPERTY		TOTAL	
	Assessed Value (B) (C)	True Tax Value	Assessed Value (B) (C)	True Tax Value	Assessed Value (B) (C)	True Tax Value
1999	\$6,553,357,000	\$19,660,071,001	\$2,550,800,310	\$7,652,400,930	\$9,104,157,310	\$27,312,471,931
1998	6,425,243,030	19,275,729,090	2,430,646,790	7,291,940,370	8,855,889,820	26,567,669,460
1997	6,424,300,120	19,272,910,350	2,291,232,740	6,873,698,220	8,715,532,860	26,146,608,570
1996	6,227,500,210	18,882,500,630	2,156,962,480	6,470,887,440	8,384,462,690	25,153,388,070
1995	5,452,184,900	16,358,190,519	2,008,399,050 (D)	6,031,228,378	7,460,583,950	22,389,418,897
1994	5,324,387,460	15,973,162,380	1,945,378,780	5,836,136,340	7,269,766,240	21,809,298,720
1993	5,287,600,220	15,862,800,660	1,859,021,860	5,577,065,580	7,146,622,080	21,439,866,240
1992	5,183,604,590	15,550,813,770	1,773,311,220	5,319,933,660	6,956,915,810	20,870,747,430
1991	5,152,214,650	15,456,843,950	1,671,561,230	5,014,683,690	6,823,775,880	20,471,327,640
1990	5,078,912,630	15,236,737,890	1,633,129,470	4,899,388,410	6,712,042,100	20,136,126,300

- (A) Taxable Property is assessed at 33-1/3% of the True Tax Value.  
 (B) Represents the assessment (Marion County Auditor's "certified abstract") on March 1 of the prior year for taxes due and payable in the year indicated.  
 (C) Data presented is per the Marion County Auditor's Office.  
 (D) Includes \$19,965,087 in assessed value that was used to fund replacement credit in the mail districts.

TABLE VI

**CITY OF INDIANAPOLIS**  
**Property Tax Rates - Direct and Overlapping Governments (B) (C)**  
**Last Ten Years**

<u>Year</u>	<u>City</u>	<u>County</u>	<u>Municipal Corporations</u>	<u>Total City County Council Approved</u>	<u>School</u>	<u>State</u>	<u>Other</u>	<u>Grand Total (A)</u>
1999	3.7948	1.4042	1.2486	6.4476	5.8477	0.0100	0.3281	12.6334
1998	3.7968	1.4021	1.1989	6.3978	5.3888	0.0100	0.3952	12.1918
1997	3.8033	1.4179	1.2042	6.4254	5.5778	0.0100	0.5380	12.5512
1996	3.8054	1.5970	1.2052	6.6076	5.5294	0.0100	0.5391	12.6861
1995	3.9140	1.6855	1.2426	6.8421	5.7743	0.0100	0.5275	13.1539
1994	3.9140	1.7082	1.2427	6.8649	5.5658	0.0100	0.4151	12.8558
1993	3.9140	1.5593	1.2427	6.7160	5.2240	0.0100	0.9547	12.9047
1992	3.9140	1.4272	1.2536	6.5948	5.2670	0.0100	1.2201	13.0919
1991	3.9140	1.2287	1.1641	6.3068	4.6614	0.0100	0.6729	11.6511
1990	3.9140	1.1699	1.1265	6.2104	4.1982	0.0100	0.3734	10.7920

- (A) Rate of District 101 (Indianapolis-Center Township), which is the only rate that includes all major services.  
 (B) Data presented is per the Marion County Auditor's Office.  
 (C) Rate per \$100 of assessed valuation.

## CITY OF INDIANAPOLIS

## Ratio of Net General Bonded Debt To Assessed Value and Net Bonded Debt Per Capita (A)

## Last Ten Years

	Year	Assessed Value (B)	Gross Bonded Debt	Debt Service Fund Balance	Net Bonded Debt	Percentage of Net Bonded Debt to Assessed Value	Percentage of Net Bonded Debt to Limit	Net Bonded Debt per Capita
Civil City (2% limit) (1990 Population: 741,952) (1980 Population: 711,539)	1999	\$8,495,431,060	\$4,445,000	\$24,636	\$4,420,364	0.1%	3%	\$ 5.96
	1998	8,259,055,320	5,695,000	52,720	5,642,280	0.1%	3%	7.60
	1997	8,134,890,610	6,875,000	139,092	6,735,908	0.1%	4%	9.08
	1996	7,827,228,340	8,020,000	142,981	7,877,019	0.1%	5%	10.62
	1995	6,977,455,260	9,095,000	125,108	8,969,892	0.1%	6%	12.09
	1994	6,819,796,630	9,925,000	33,851	9,891,149	0.1%	7%	13.33
	1993	6,705,968,160	11,111,000	30,138	11,080,862	0.2%	8%	14.94
	1992	6,530,111,670	12,041,000	(28,272)	12,069,272	0.2%	9%	16.27
	1991	6,417,356,030	12,946,000	(102,926)	13,048,926	0.2%	10%	17.59
	1990	6,319,544,390	15,111,000	91,281	15,019,719	0.2%	12%	20.24
Redevelopment District (D) (1990 Population: 741,952) (1980 Population: 711,539)	1999	8,495,431,060	\$32,518,503	\$2,993,895	\$29,524,608	0.3%	(C)	\$ 39.79
	1998	8,259,055,320	31,235,997	1,027,082	30,208,915	0.4%	(C)	40.72
	1997	8,134,890,610	29,986,362	516	29,985,846	0.4%	(C)	40.41
	1996	7,827,228,340	28,813,978	(2,439)	28,816,417	0.4%	(C)	38.84
	1995	6,977,455,260	27,693,491	31,412	27,662,079	0.4%	(C)	37.28
	1994	6,819,796,630	23,614,935	16,981	23,597,954	0.3%	(C)	31.81
	1993	6,705,968,160	52,195,000	12,292	52,182,708	0.8%	(C)	70.33
	1992	6,530,111,670	3,005,000	3,577	3,001,423	0.1%	(C)	4.05
	1991	6,417,356,030	3,645,000	(19,423)	3,664,423	0.1%	(C)	4.94
	1990	6,319,544,390	4,280,000	49,933	4,230,067	0.1%	(C)	5.70
Sanitary District (12% Limit) (1990 Population: 743,921) (1980 Population: 713,800)	1999	8,342,407,610	\$116,580,000	\$4,293,587	\$112,286,413	1.3%	11%	\$ 150.94
	1998	8,108,888,640	125,290,000	4,616,730	120,673,270	1.5%	12%	162.21
	1997	7,988,134,910	133,655,000	2,692,132	130,962,868	1.6%	14%	176.04
	1996	7,676,460,250	141,655,000	8,175,279	133,479,721	1.7%	14%	179.43
	1995	6,853,029,030	150,425,000	855,289	149,569,711	2.2%	18%	201.06
	1994	6,678,207,190	146,725,000	1,332,686	145,392,314	2.2%	18%	195.44
	1993	6,565,156,140	162,216,000	5,401,350	156,814,650	2.4%	20%	210.79
	1992	6,390,683,650	108,547,000	(313,885)	106,860,885	1.7%	14%	143.65
	1991	6,277,030,530	112,704,000	(50,872)	112,754,872	1.8%	15%	151.57
	1990	6,175,873,120	122,184,000	1,222,905	120,961,095	2.0%	16%	165.60
Public Safety Communications & Computer Facilities District(1%limit) (1990 Population: 743,921)	1999	9,104,157,310	\$ 15,000,000	\$ 712,002	\$ 14,287,998	0.2%	16%	\$ 19.21



## CITY OF INDIANAPOLIS

## Ratio of Net General Bonded Debt To Assessed Value and Net Bonded Debt Per Capita (A)

## Last Ten Years

	Year	Assessed Value (B)	Gross Bonded Debt	Debt Service Fund Balance	Net Bonded Debt	Percentage of Net Bonded Debt to Assessed Value	Percentage of Net Bonded Debt to Limit	Net Bonded Debt per Capita
Flood Control District (2% limit)	1999	\$9,104,157,310	\$38,935,000	\$198,988	\$38,736,012	0.4%	21%	\$ 48.59
(1990 Population: 797,159)	1998	8,855,889,820	38,935,000	179,679	38,755,321	0.4%	22%	48.62
(1980 Population: 765,233)	1997	8,715,532,860	39,535,000	445,240	39,089,760	0.4%	22%	49.04
	1996	8,384,462,690	39,535,000	309,908	39,225,092	0.5%	23%	49.21
	1995	7,460,583,950	40,781,000	321,712	40,459,288	0.5%	27%	50.75
	1994	7,269,766,240	39,646,000	441,020	39,204,980	0.5%	27%	49.18
	1993	7,146,622,080	42,831,000	974,233	41,856,767	0.6%	29%	52.51
	1992	6,956,915,810	32,496,000	17,654	32,478,346	0.5%	23%	40.74
	1991	6,823,775,880	34,416,000	(1,317,169)	35,733,169	0.5%	26%	44.83
	1990	6,712,042,100	36,246,000	145,374	36,100,626	0.5%	27%	45.29
Metropolitan Thoroughfare District (4% Limit)	1999	\$9,104,157,310	\$87,195,000	\$1,091,083	\$86,103,917	0.9%	24%	\$108.01
(1990 Population: 797,159)	1998	8,855,889,820	89,530,000	1,192,509	88,337,491	1.0%	25%	110.82
(1980 Population: 765,233)	1997	8,715,532,860	91,365,000	1,145,290	90,219,710	1.0%	26%	113.18
	1996	8,384,462,690	93,555,000	587,318	92,967,682	1.1%	28%	116.62
	1995	7,460,583,950	95,055,000	324,597	94,730,403	1.3%	32%	118.84
	1994	7,269,766,240	98,405,000	1,287,751	97,117,249	1.3%	33%	121.83
	1993	7,146,622,080	103,405,000	4,407,952	98,997,048	1.4%	35%	124.19
	1992	6,956,915,810	48,255,000	76,669	48,148,331	0.7%	17%	60.40
	1991	6,823,775,880	53,635,000	(1,062,738)	54,697,738	0.8%	20%	68.62
	1990	6,712,042,100	58,690,000	361,159	58,328,841	0.9%	22%	73.17
Park District (C) (D)	1999	\$9,104,157,310	\$29,535,000	\$271,254	\$29,263,746	0.3%	(C)	\$ 36.71
(1990 Population: 797,159)	1998	8,855,889,820	30,350,000	350,674	29,999,326	0.3%	(C)	37.63
(1980 Population: 765,233)	1997	8,715,532,860	30,830,000	381,795	30,448,205	0.3%	(C)	38.20
	1996	8,384,462,690	31,445,000	261,192	31,183,808	0.4%	(C)	39.12
	1995	7,460,583,950	32,045,000	131,417	31,913,583	0.4%	(C)	40.03
	1994	7,269,766,240	32,895,000	300,512	32,594,488	0.4%	(C)	40.89
	1993	7,146,622,080	35,048,000	1,857,505	33,190,495	0.5%	(C)	41.64
	1992	6,956,915,810	10,448,000	285,785	10,162,215	0.1%	(C)	12.75
	1991	6,823,775,880	11,791,000	96,736	11,694,264	0.2%	(C)	14.67
	1990	6,712,042,100	13,424,000	235,359	13,188,641	0.2%	(C)	16.54

(A) Data is presented on the modified accrual basis.

(B) True Tax Value is three times the assessed value. Represents the assessment (Marion County Auditor's "certified abstract") on March 1 of the prior year for taxes due and payable in the year indicated.

(C) There is no statutory constitutional debt limitation applicable to Redevelopment and Park Districts.

(D) Excluding \$434,627,267 of Redevelopment and Park District Tax Increment Bonds.

**CITY OF INDIANAPOLIS**  
**Schedule of Direct and Overlapping Bonded Debt and Bonded Debt Limit (A)**  
**December 31, 1999**

Table VIII  
Page 1

	Map Reference [See Introduction (H)]	Assessed Value (G)	Bonding Limit		Bonds Outstanding
			%	Dollar Amount	
<b>DIRECT:</b>					
Civil City	2	\$8,495,431,060	2%	\$169,908,621	\$4,445,000
Consolidated County	1	9,104,157,310	(C)	0	0
Park District	1	9,104,157,310	(I)	0	29,535,000
Redevelopment District	2	8,495,431,060	(I)	0	32,518,503
Flood Control District	1	9,104,157,310	2%	182,083,146	38,935,000
Metropolitan Thoroughfare District	1	9,104,157,310	4%	364,166,292	87,195,000
Sanitary District	8	8,342,407,610	12%	1,001,088,913	116,580,000
Police Special Service District	5	3,153,687,850	(B)	0	0
Fire Special Service District	6	2,739,631,250	(B)	0	0
Solid Waste Collection Special Service District	7	8,508,115,590	(B)	0	0
Solid Waste Disposal District	7	8,508,115,590	6%	510,486,935	0
Public Safety Communications and Computer Facilities District	1	9,104,157,310	1%	91,041,573	15,000,000
<b>Total City Debt</b>				<b>2,318,775,482</b>	<b>324,208,503 (D)</b>
<b>OVERLAPPING:</b>					
Marion County	1	9,104,157,310	2%	182,083,146	0
<b>Municipal Corporations</b>					
Airport Authority	1	9,104,157,310	2%	182,083,146	0
Health & Hospital Corporation	1	9,104,157,310	2%	182,083,146	24,035,000
Capital Improvement Board of Managers	1	9,104,157,310	2%	182,083,146	0
Indpls-Marion Co. Building Authority	1	9,104,157,310	(E)	0	54,255,000
Indianapolis-Marion County Library	4	8,785,239,460	2%	175,704,789	15,930,000
Indianapolis Public Transportation Corporation	2	8,617,260,300	2%	172,345,206	15,575,000
<b>Total Municipal Corporations</b>				<b>894,299,434</b>	<b>109,795,000</b>
<b>School Districts:</b>					
Beech Grove	9	113,971,810	(J)	14,802,161	21,544,118
Decatur	9	201,902,270	(J)	22,544,309	23,851,565
Franklin	9	244,369,750	(J)	32,960,112	37,633,460
Indianapolis Public Schools	9	2,620,669,120	(J)	97,721,178	48,008,791
Lawrence	9	1,028,548,550	(J)	137,441,436	112,974,001
Perry	9	671,253,270	(J)	109,590,726	92,554,866
Pike	9	1,196,573,750	(J)	113,198,559	82,035,000
Speedway	9	204,946,040	(J)	3,883,676	0
Warren	9	861,753,090	(J)	85,032,957	65,081,922
Washington	9	1,119,335,350	(J)	47,667,272	23,799,000
Wayne	9	840,834,310	(J)	93,150,445	76,385,976
<b>Total School Districts</b>		<b>9,104,157,310</b>		<b>757,992,831</b>	<b>583,868,699</b>

**CITY OF INDIANAPOLIS**  
**Schedule of Direct and Overlapping Bonded Debt and Bonded Debt Limit (A)**  
**December 31, 1999**

TABLE VIII

Page 2

	Map Reference [See Introduction(I)]	Assessed Value (H)		Bonding Limit %	Dollar Amount	Bonds Outstanding
OVERLAPPING, Continued:						
Other Cities & Towns:						
Beech Grove	2	\$121,829,240	2%	\$2,436,585	\$1,515,000	
Lawrence	2	269,266,440	2%	5,385,329	3,793,000	
Southport	2	12,684,530	2%	253,691	0	
Speedway	2	204,946,040	2%	4,098,921	0	
Included Towns	1	122,044,220	(C)	0	0	
Total Other Cities & Towns		730,770,470		12,174,525	5,308,000	
Townships:						
Center	3	1,564,000,230	2%	31,280,005	0	
Decatur	3	202,127,620	2%	4,042,552	127,962	
Franklin	3	284,926,330	2%	5,698,527	1,918,673	
Lawrence	3	1,138,667,520	2%	22,773,350	3,199,662	
Perry	3	748,320,950	2%	14,966,419	1,015,000	
Pike	3	1,220,434,020	2%	24,408,680	800,000	
Warren	3	1,145,649,000	2%	22,912,980	2,702,152	
Washington	3	1,449,033,900	2%	28,980,678	0	
Wayne	3	1,350,997,740	2%	27,019,955	0	
Total Townships		9,104,157,310		182,083,146	9,763,449	
Excluded Cities Library Districts:						
Beech Grove	4	113,971,810	2%	2,279,436	0	
Speedway	4	204,946,040	2%	4,098,921	1,210,000	
Total Excluded Cities Library Districts		318,917,850	2%	6,378,357	1,210,000	
Ben Davis Conservancy District		66,322,030	(F)		0	
Total Overlapping Debt					\$709,635,148	
Total Direct & Overlapping Debt				\$4,353,786,921	\$1,034,153,651	

**CITY OF INDIANAPOLIS**

**Schedule of Direct and Overlapping Bonded Debt and Bonded Debt Limit (A)**

**December 31, 1999**

- (A) Excludes Revenue Bonds not payable from ad valorem taxes.
- (B) No bonding authority.
- (C) No bonding authority from ad valorem taxes.
- (D) Includes \$40,000 of matured bonds not presented for payment.
- (E) There is no debt limit for the Building Authority. Its debt service requirements are funded by rentals paid by the City of Indianapolis and Marion County from ad valorem taxes mandated by the Authority's enabling legislation.
- (F) Ben Davis Conservancy District has no bonding limit, bonds are payable from either collection of special benefit taxes or revenues produced from the project per Indiana Code 13-3-3-81.
- (G) Represents the March 1, 1998 (Marion County Auditor's "certified abstract") assessment for taxes due and payable in 1999.
- (H) See pages XXI and XXII.
- (I) There is no statutory constitutional debt limitation to the Park and Redevelopment Districts.

**CITY OF INDIANAPOLIS**  
**Computation of Legal Debt Margin (A)**  
**December 31, 1999**  
(in thousands)

TABLE IX

	Assessed Value (B)	Debt Limit Percentage	Debt Limit	Bonds Outstanding (F)	Subtotal	Plus Amount Available in Debt Service Fund	Legal Debt Margin
Civil City	\$8,495,431	2%	\$169,909	\$4,445	\$165,464	\$25	\$165,488
Consolidated County	9,104,157	(C)	0	0	0	0	0
Park District	9,104,157	(D)	0	29,535 (G)	0	271	0
Redevelopment District	8,495,431	(D)	0	32,519 (G)	0	2,994	0
Flood Control District	9,104,157	2%	182,083	38,935	143,148	199	143,347
Metropolitan Thoroughfare District	9,104,157	4%	364,166	87,195	276,971	1,091	278,062
Sanitary District	8,342,408	12%	1,001,089	116,580	884,509	4,294	888,803
Police Special Service District	3,153,688	(E)	0	0	0	0	0
Fire Special Service District	2,739,631	(E)	0	0	0	0	0
Solid Waste Collection Special Service District	8,508,116	(E)	0	0	0	0	0
Solid Waste Disposal District	8,508,116	6%	510,487	0	510,487	0	510,487
Public Safety Communications and Computer Facilities District	9,104,157	1%	91,042	15,000	76,042	712	76,754

(A) Excludes Revenue Bonds not payable from ad valorem taxes.

(B) Represents the March 1, 1998 (Marion County Auditor's "certified abstract" assessment for taxes due and payable in 1999).

(C) No bonding authority payable from ad valorem taxes.

(D) There is no statutory constitutional debt limitation applicable to the Park and Redevelopment Districts.

(E) No bonding authority.

(F) Including \$40,000 of matured bonds not presented for payment.

(G) Excluding \$434,627,267 of Redevelopment and Park District Tax Increment Bonds.

TABLE X

**CITY OF INDIANAPOLIS**  
**Ratio of Annual Debt Service Expenditures**  
**For General Bonded Debt To Total General Expenditures (A)**  
*Last Ten Years*

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Expenditures</u>	<u>Ratio of Debt Service To General Expenditures</u>
1999	\$24,781,152	\$48,340,924	73,122,076	\$720,288,845	10.2%
1998	115,391,139	54,608,867	170,000,006	651,501,935	26.1%
1997	23,619,300	48,569,920	72,189,220	555,937,014	13.0%
1996	29,708,300	48,040,548	77,748,848	561,555,572	13.8%
1995	20,360,000	53,697,871	74,057,871	679,881,808	10.9%
1994	21,110,000	47,845,887	68,955,887	656,739,578	10.5%
1993	59,210,000	59,858,180	119,068,180	593,092,665	20.1%
1992	267,823,820	70,661,627	338,485,447	1,172,862,001	28.9%
1991	22,776,000	32,527,226	55,303,226	490,107,230	11.3%
1990	23,683,000	17,030,467	40,713,467	457,860,908	8.9%

(A) Data is presented on the modified accrual basis of accounting.

TABLE XI-A

**CITY OF INDIANAPOLIS**  
**Schedule of Transportation Revenue Bond Retirements**  
*Last Ten Years (A)*

<u>Year</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
1999	\$5,053,440	\$3,745,000	\$2,735,120	\$6,480,120	78%
1998	5,304,500	2,260,000	2,848,280	5,108,280	104%
1997	5,257,882	2,150,000	2,950,405	5,100,405	103%
1996	4,705,000	2,055,000	2,638,420	4,693,420	100%
1995	4,705,000	1,965,000	2,680,175	4,645,175	101%

(A) Payment of Bonds began in 1995.

TABLE XI-B

**CITY OF INDIANAPOLIS**  
**Schedule of Housing Authority Revenue Bond Retirements**  
**Last Ten Years (A)**

Year	Net Revenue Available for Debt Service (B)	Debt Service Requirements (A)			Coverage
		Principal	Interest	Total	
1999	2,237,135	\$1,321,477	\$915,658	2,237,135	100%
1998	2,236,823	1,256,853	979,970	2,236,823	100%
1997	2,239,436	1,198,178	1,041,258	2,239,436	100%
1996	2,234,881	1,135,563	1,099,318	2,234,881	100%
1995	2,238,479	1,083,776	1,154,703	2,238,479	100%
1994	2,224,806	1,037,156	1,207,650	2,244,806	100%
1993	2,236,530	978,902	1,257,628	2,236,530	100%
1992	2,238,388	933,109	1,305,279	2,238,388	100%
1991	2,237,428	886,912	1,350,516	2,237,428	100%
1990	2,237,152	843,596	1,393,556	2,237,152	100%

(A) Data is presented on the accrual basis of accounting.

(B) Data represents HUD debt service subsidies of 100% of the debt service requirements on an accrual basis.



**CITY OF INDIANAPOLIS**

**Property Value, Construction, and Deposits in Banks and Savings and Loans  
Last Ten Years**

TABLE XII

Year	Estimated Actual Property Value (D)	Construction (A)		Bank Deposits (B)	Savings and Loan Deposits (C)
		Number of Permits Issued	Value of Buildings		
1999	\$27,312,471,931	40,013	\$1,948,286,690	\$11,301,000,000	\$1,903,000,000
1998	26,567,669,460	38,114	1,845,017,605	11,277,000,000	1,780,000,000
1997	26,146,608,570	36,567	1,199,898,149	9,771,643,000	1,472,507,000
1996	25,153,388,070	36,290	1,070,888,493	8,804,723,000	1,498,840,000
1995	22,389,418,897	39,203	1,339,263,435	10,042,791,000	1,469,224,000
1994	21,809,298,720	43,057	1,241,255,580	7,991,036,000	1,780,185,000
1993	21,439,668,240	40,174	1,241,856,194	9,993,564,000	1,541,338,000
1992	20,870,747,430	40,850	1,144,402,198	10,062,187,000	1,431,873,000
1991	20,471,327,640	38,961	784,369,405	11,254,000,000	2,407,689,000
1990	20,136,126,300	42,837	1,283,528,786	10,691,000,000	2,665,795,000

(A) Source: City of Indianapolis, Department of Metropolitan Development

(B) Source: FDIC for 1990 through 1991; Sheshunoff Information Services for 1992 through 1996; FDIC Homepage for 1997 through 1999.  
Numbers taken from the FDIC are as of June 30

(C) Source: Federal Home Loan Bank (Data includes building and loan associations) for 1990 through 1991; Sheshunoff Information Services for 1992 through 1996; FDIC Homepage for 1997 through 1999.  
Numbers taken from the FDIC are as of June 30

(D) Source: Marion County, Auditor's Office

TABLE XIII

**CITY OF INDIANAPOLIS**  
**Principal Taxpayers and Employers**  
**December 31, 1999**

<u>Principal Taxpayers</u>	<u>Type of Business</u>	<u>1999 Net Assessed Valuation (A)</u>	<u>Employees (B)</u>
Allison Transmission Division of General Motors	Manufacturing	\$72,770,550	3,985
American United Life Insurance Company	Insurance	\$29,249,850	1,382
Anthem, Inc.	Insurance	7,698,195	1,938
Bank One Corporation	Banking	36,992,927	2,658
Citizens Gas & Coke Utility	Utility	62,427,340	819
Clarian Health Partners (C)	Hospitals	(D)	10,682
Daimler - Chrysler Corp.	Manufacturing	15,003,990	1,263
Eli Lilly and Company	Manufacturing - Pharmaceuticals	239,734,970	9,503
Ford Motor Company - Indianapolis Plant	Manufacturing	53,123,825	2,869
General Motors Corporation - Indianapolis Metal Center	Metal Fabricating Division	50,018,580	2,814
Indianapolis Power & Light	Utility	129,183,550	1,577
Indianapolis Water Company	Utility	42,731,620	207
Kroger Company	Retail - Grocers	16,467,870	2,700
Marathon Oil Company	Retail - Oil, gas and other energy	18,261,090	778
Marsh Supermarkets, Inc.	Retail - Grocer	29,920,400	3,492
Meljer, Inc.	Retail-Grocer	21,267,980	2,364
National Starch and Chemical Company	Manufacturing - Chemicals for industrial and household products	20,075,330	575
Navistar International Transportation Co.	Manufacturing - Medium & Heavy Trucks, School Buses	34,481,030	2,542
Olin Corporation - Olin Brass	Manufacturing - Brass	11,795,310	429
Rexnord Corporation	Manufacturing - Power transmissions and conveying components	11,806,470	611
Roche Diagnostics Corp.	Manufacturing - Pharmaceuticals	31,907,070	860
<b><u>Other Principal Employers</u></b>			
United States Government		N/A (E)	13,291 (F)
Indiana State Government		N/A (E)	12,401 (G)
Indianapolis-Marion County Government		N/A (E)	12,241 (H)
IUPUI	University	N/A (E)	3,600
Community Hospitals of Indianapolis, Inc.	Hospital/Health Care	N/A (E)	4,972

(A) Represents the March 1, 1998 valuations for taxes due and payable in 1999. The principal taxpayers are located in different taxing districts, therefore percentage of total assessed valuation is not applicable.

(B) As of December 31, 1999.

(C) Includes Methodist, I.U., and Riley hospitals.

(D) Data not available.

(E) Not-for-profit entity.

(F) Data is from the Office of Workforce Information located in the U.S. Office of Personnel Management.

(G) Data is per State of Indiana Personnel Department

(H) Includes the following entities reporting to City-County Council: Airport Authority, Building Authority, Capital Improvement Board, City, County, Health and Hospital, Library Board and Metro Bus.

**CITY OF INDIANAPOLIS**  
**Demographic Statistics**  
**December 31, 1999**

**Marion County - Effective Buying Income of Households (H) (I)**

Income Levels	1998		1997		1996		1995		1994	
	%	Households	%	Households	%	Households	%	Households	%	Households
Under \$20,000	25.3	84,502	25.7	86,019	26.5	88,537	28.0	93,380	24.0	79,368
\$20,000-\$34,999	23.5	78,490	23.8	79,658	24.5	81,855	25.1	83,709	22.8	75,400
\$35,000-\$49,000	19.0	63,460	19.0	63,593	19.1	63,813	19.4	64,699	20.0	66,140
Over \$50,000	32.2	107,548	31.5	105,430	29.9	99,896	27.5	91,712	33.2	109,792
Total Households	100.0	334,000	100.0	334,700	100.0	334,100	100.0	333,500	100.0	330,700

  

Income Levels	1993		1992		1991		1990		1989	
	%	Households	%	Households	%	Households	%	Households	%	Households
Under \$20,000	25.7	80,565	27.7	85,287	29.1	87,869	35.8	108,100	37.9	114,317
\$20,000-\$34,999	24.0	75,236	25.9	79,744	26.9	81,226	27.3	82,433	28.2	85,059
\$35,000-\$49,000	20.4	63,951	20.3	62,502	20.4	61,559	17.9	54,050	17.4	52,483
Over \$50,000	29.9	93,732	26.1	80,359	23.6	71,260	19.0	57,371	16.5	49,769
Total Households	100.0	313,484	100.0	307,892	100.0	301,914	100.0	301,954	100.0	301,628

**Comparison of Households by Percent Groupings (H):**

	<u>MSA (C)</u>	<u>Marion County</u>	<u>Indiana</u>
Under \$20,000	22.3	25.3	25.5
\$20,000 to 34,999	21.7	23.5	23.3
\$35,000 to 49,999	18.5	19.0	19.1
\$50,000 and over	37.5	32.2	32.1

TABLE XIV  
Page 2

**CITY OF INDIANAPOLIS**  
**Demographic Statistics**  
*December 31, 1999*

<u>Population Trend (A)</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>1991</u>	<u>1990</u>	<u>1989</u>
Marion County	812,662	814,286	814,854	815,011	815,293	813,122	812,835	(D)	797,159	796,300
Consolidated City (B)	750,814	753,242	746,737	759,200	755,700	760,700	746,538	(D)	741,952	737,600
MSA (C)	1,519,194	1,438,681 (G)	1,504,900	1,492,300	1,473,300	1,452,300	1,292,502	(D)	1,249,822	1,254,900

  

<u>Population by Age (E)</u>	<u>Percent of Total</u>					<u>1990</u>	<u>1980</u>	<u>1970</u>	<u>1960 (F)</u>	<u>1950 (F)</u>
	<u>1990</u>	<u>1980</u>	<u>1970</u>	<u>1960</u>	<u>1950</u>					
0-19	28%	32%	39%	36%	29.5%	210,661	228,808	291,547	173,781	125,860
20-44	42	38	32	33	39.5	315,150	268,594	238,506	155,365	168,897
45-64	18	20	20	21	22.3	130,705	140,189	149,467	99,861	95,090
65 and Over	12	10	9	10	8.7	85,436	73,948	65,077	47,251	37,326
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>741,952</u>	<u>711,539</u>	<u>744,597</u>	<u>476,258</u>	<u>427,173</u>

(A) Source: U.S. Bureau of the Census 1995-1998 Population Estimates - <http://www.census.gov/population/estimates>

(B) Marion County less Beech Grove, Lawrence, South Port and Speedway.

(C) Metropolitan Statistical Area includes the following counties: Boone, Hamilton, Hancock, Hendricks, Johnson, Madison, Marion, Morgan, Shelby.

(D) Data not available.

(E) Source: 1997 Survey of Buying Power, Sales and Marketing magazine.

(F) Before Unigov reorganization.

(G) Source: <http://www.iedc.com/demograp.htm>

(H) Source: Survey of Buying Power, Sales, and Marketing magazine. For years 1996-98.

(I) Source: [www.iedc.com/demograp.htm](http://www.iedc.com/demograp.htm). For years 1989-1995.

**CITY OF INDIANAPOLIS - MARION COUNTY**  
**Miscellaneous Statistical Data**  
**December 31, 1999**

TABLE XV  
PAGE 1

Date of Original Incorporation	1832
Date of Re-Incorporation	1838
Date of First Charter Adopted	1891
Present Charter Adopted	1969
Form of Government	Council - Mayor
Area - Square Miles (Marion County)	402

Estimated Miles of Streets (Marion County)	
December 31,	
1999	3,082
1998	3,054
1997	3,049
1996	3,046
1995	3,022
1994	3,000
1993	2,981
1992	2,928
1991	2,918
1990	2,918

Approximate Miles of Sewers	
December 31,	
1999	2,669
1998	2,400
1997	2,400
1996	2,400
1995	2,400
1994	2,568
1993	2,568
1992	2,550
1991	2,533
1990	2,500

**CITY OF INDIANAPOLIS - MARION COUNTY**  
**Miscellaneous Statistical Data**  
**December 31, 1999**

**Retail Sales (A)**

<u>Year</u>	<u>(in 000's)</u>
1999	(E)
1998	\$11,708,079
1997	10,535,344
1996	10,028,614
1995	9,438,265
1994	9,233,109
1993	8,344,062
1992	8,256,014
1991	7,371,606
1990	8,073,118

**Per Capita Income (B)**

<u>Year</u>	<u>National</u>	<u>State</u>	<u>MSA (C)</u>	<u>Marion County</u>
1999	\$28,518 (D)	\$26,092 (D)	(E)	(E)
1998 (F)	26,482	24,302	(E)	(E)
1997 (F)	25,288	23,202	\$26,662	\$26,577
1996 (F)	24,164	22,234	25,475	25,470
1995 (F)	23,059	21,427	24,602	24,774
1994	22,180	20,811	23,169	23,465
1993	21,365	19,749	22,048	22,357
1992	20,631	18,814	21,077	21,430
1991	19,689	17,666	19,844	19,863
1990	18,691	16,890	19,522	19,148

- (A) Data presented is per the Indiana Department of Revenue, Statistics Division, based on sales tax collected.  
 (B) U.S. Department of Commerce, Bureau of Economic Analysis - <http://www.bea.doc.gov/bea/regional/data.htm>  
 (C) Metropolitan Statistical Area.  
 (D) Preliminary per capita income data.  
 (E) Data not available.  
 (F) Updated to show revised per capita income data.

**CITY OF INDIANAPOLIS - MARION COUNTY**  
**Miscellaneous Statistical Data**  
**December 31, 1999**

	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
<b>Fire Protection (Consolidated City of Indianapolis):</b>										
Fire Station - In Special Service District	26	26	26	26	29	29	29	29	30	30
Fire Station - All Others	42	31 (D)	31 (D)	39	21	48	48	44	41	41
Total Number of stations	<u>68</u>	<u>57</u>	<u>57</u>	<u>65</u>	<u>50</u>	<u>77</u>	<u>77</u>	<u>73</u>	<u>71</u>	<u>71</u>
<b>Employees - In Special Service District</b>	747	744	744	744	722	717	719	755	756	756
Employees - All Others	655 (E)	467 (D)	467 (D)	641	571	673	682	589	591	440
Total number of employees	<u>1,402</u>	<u>1,211</u>	<u>1,211</u>	<u>1,385</u>	<u>1,293</u>	<u>1,390</u>	<u>1,401</u>	<u>1,344</u>	<u>1,347</u>	<u>1,196</u>
<b>Police Protection:</b>										
City of Indianapolis (A)	1,322	1,295	1,288	1,326	1,327	1,344	1,337	1,340	1,369	1,369
Marion County	1,210 (A)	831	818	952	820	793	801	761	757	710
Total number of employees	<u>2,532</u>	<u>2,126</u>	<u>2,106</u>	<u>2,278</u>	<u>2,147</u>	<u>2,137</u>	<u>2,138</u>	<u>2,101</u>	<u>2,126</u>	<u>2,079</u>
<b>Recreation (Marion County)</b>										
Parks - Number	152	149	149	143	135	134	134	130	130	129
Parks - Acreage	9,866	9,866	9,414	9,414	9,414	9,375	9,375	9,375	9,553	9,329
Playgrounds	116	100	110	109	129	125	120	120	116	112
Golf Courses	13	13	13	12	12	12	12	12	12	12
Recreational Centers	18	18	17	17	17	16	16	16	16	16
Swimming Pools - Outdoors	16	16	15	14	14	14	14	14	14	14
Swimming Pools - Indoors	4	4	4	3	4	3	3	3	3	3
<b>Education (Public Schools)</b>										
Number of Students (Grades K-12) (B)	124,822	125,189	125,508	123,179	122,466	121,629	121,519	120,505	120,152	120,029
<b>Number of Street Lights (Marion County)</b>	29,458	29,415	29,481	29,964	28,358	28,832	28,832	29,881	28,978	29,365
<b>Employees:</b>										
City of Indianapolis (C)	3,558	3,670	3,614	3,735	4,044	4,178	4,501	4,647	5,057	5,003
Marion County	2,819	2,796	2,673	2,627	2,640	2,638	2,949	2,950	2,921	2,800
Total number of actual employees	<u>6,377</u>	<u>6,466</u>	<u>6,287</u>	<u>6,362</u>	<u>6,684</u>	<u>7,016</u>	<u>7,450</u>	<u>7,597</u>	<u>7,978</u>	<u>7,803</u>

(A) Includes civilians.

(B) Data Presented is per the Indiana Department of Public Instruction for Marion County, all districts.

(C) Includes Full-Time, Part-Time, and Seasonal.

(D) Excludes Franklin Township.

(E) Excludes Warren Township.